

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/CS/HB 305 Insurance

SPONSOR(S): Commerce Committee, Insurance & Banking Subcommittee, Rommel and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/CS/CS/SB 76

FINAL HOUSE FLOOR ACTION: 75 Y's

41 N's

GOVERNOR'S ACTION: Pending

SUMMARY ANALYSIS

CS/CS/HB 305 passed the House on April 28, 2021, as CS/CS/CS/SB 76 as amended. The Senate concurred in the House amendment to the Senate bill, amended the bill, and passed the bill as amended on April 30, 2021. The Senate then returned the the bill to the House, and the House concurred in the Senate amendment and passed the bill as amended on April 30, 2021.

The bill makes the following changes related to insurance:

- **Residential property insurance claims for roof damage** – Establishes that contractors or unlicensed persons acting on their behalf may not solicit or incentivize a residential property owner to file a roof damage insurance claim. It also establishes that public adjusters, public adjuster apprentices, or unlicensed persons acting on their behalf may not incentivize a residential property owner to file a roof damage insurance claim.
- **Authority to examine managing general agents (MGAs)** – Clarifies that the Office of Insurance Regulation(OIR) has the authority to examine MGAs, including insurers' affiliates. Examination of affiliates will not extend to passive investors who do not provide services for, or have relationships with, an insurer.
- **Collection of property insurance claims litigation data by OIR** – Establishes that each insurer or insurer group doing business in Florida shall file specific data regarding litigation of personal and commercial residential property insurance claims with OIR on an annual basis.
- **Citizens Property Insurance Corporation (Citizens)** – Makes several changes to the operations of, and requirements for, Citizens, the state-run property insurer:
 - Revises the eligibility for residential property owners to obtain coverage from Citizens so that they are not eligible for Citizens' coverage if they can obtain coverage from private insurers that is less than 20 percent greater than the premium for comparable coverage from Citizens.
 - Establishes that Citizens' may add 1 percent per year to its cap on rate increases until it reaches a maximum of a 15 percent rate cap on increases in 2026.
 - Establishes that if Citizens does not buy reinsurance to cover its projected 100-year probable maximum loss, it must still include the cost of such reinsurance in its rate calculations.
 - Establishes that Citizens must have budget allocations for employee salaries, raises for any individual employee in excess of 10 percent, and an overall employee compensation plan approved by Citizens' Board of Governors.
- **Notice of property insurance claims** – Changes the notice of claim deadlines in the Insurance Code so that notice of an initial or reopened property insurance claim must be provided to an insurer within two years of the date of loss and notice of supplemental claims must be provided to an insurer within three years of the date of loss.
- **Presuit notice and litigation** – Creates new statutory requirements for all residential and commercial property insurance lawsuits not brought by an assignee, including a ten-day presuit notice and demand, before bringing suit against an insurer. It modifies attorney fee statutes for such suits so the exclusive method of determining attorney fee recovery depends on the difference between the amount of damages obtained by the claimant and the presuit settlement offer. The bill applies the presuit requirements and attorney fee modifications to licensed and surplus lines property insurers. It also provides a framework for consolidation of multiple court actions involving coverage provided under the same residential property insurance policy for the same property.

The bill has no impact on state or local government revenues or expenditures. It may have a positive direct economic impact on the private sector.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2021.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0305z.DOCX

DATE: 5/25/2021

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Residential Property Insurance Claims for Roof Damage

Background

The Florida Office of Insurance Regulation (OIR) has reported a significant increase in the number of roof damage claims, many of which include litigation.¹ These roof damage claims include claims made by residential property owners after being solicited to file an insurance claim that they may not otherwise have filed but for the promise of a new roof at no cost to the property owner.²

Effect of the Bill

The bill limits certain property insurance practices by contractors, public adjusters, public adjuster apprentices, and those unlicensed persons acting on their behalf.

Contractors

The bill establishes that no contractor, including a general, building, residential, or roofing contractor, or someone acting on the contractor's behalf, may:

- Solicit a residential property owner to file an insurance claim.
- Offer an incentive to a residential property owner for allowing the inspection of the residential property owner's roof or for making an insurance claim for roof damage.
- Offer or accept any compensation or reward for referral of services for which property insurance proceeds are payable.
- Interpret policy provisions, advise an insured about policy provisions, or adjust claims on behalf of an insurer unless licensed as a public adjuster.
- Provide an insured with an agreement authorizing repairs without providing a good faith estimate of the cost of repairs.

The bill establishes that a contractor may not enter into a contract with a residential property owner to repair or replace a roof without including notice in the contract that the contractor is prohibited from engaging in the above acts. If the contractor fails to include the notice in the contract, the property owner may void the contract within 10 days of its execution.

Public Adjusters

The bill establishes that a public adjuster, public adjuster apprentice, or those acting on their behalf may not:

- Offer an incentive to a residential property owner for allowing the inspection of the residential property owner's roof or for making an insurance claim for roof damage.
- Offer or receive compensation or a reward for referral of any services for which property insurance proceeds would be used for roofing repairs or replacement.

¹ Report from David Altmaier, Florida Insurance Commissioner, to Chair Blaise Ingoglia, Commerce Committee, regarding cost drivers affecting Florida's insurance rates, p. 7 (Feb. 24, 2021).

² *Id.* A "free" roof replacement may be achieved by giving a residential property owner whose policy provides for replacement cost coverage for a roof a gift card or something else valued at the amount of the deductible under the policy so that the entire cost of a new roof is paid by the insurer and the individual soliciting the residential property owner.

Penalties

The bill provides that any contractor, public adjuster, public adjuster apprentice, or unlicensed person acting on their behalf may be subject to a fine of up to \$10,000 per violation for each of the statutory prohibitions established. Finally, the bill provides that any unlicensed person who engages in the prohibited acts shall be guilty of unlicensed contracting or public adjusting, as applicable.

OIR – Authority to Examine Managing General Agents (MGAs)

Background

MGAs

Some insurance companies operate within a holding company system that includes an MGA.³ An MGA is a specialized type of insurance agent or broker that has underwriting authority from an insurer.⁴ MGAs can perform certain functions that insurers typically handle, including binding coverage, underwriting and pricing, agent appointments, and claims adjusting and settlement.⁵ An MGA may be an affiliate of an insurer. Section 624.10(1), F.S., defines an affiliate as an entity that exercises control over or is directly or indirectly controlled by an insurer. Under current law, MGAs must enter into contracts with insurers with which they do business unless the MGA is a controlled or controlling person of the insurer (i.e., an affiliate).⁶ These contracts must specify the division of responsibilities between the insurer and the MGA.⁷

Examination of Insurers and MGAs

OIR is responsible for examining the affairs, transactions, accounts, records, and assets of each insurer that holds a certificate of authority to transact insurance business in Florida.⁸ Examination authority extends to the examination of MGAs⁹ unless the MGA solely represents a single domestic insurer.¹⁰ With certain exceptions, OIR must examine domestic insurers¹¹ at least once every five years and the exam shall cover the preceding five fiscal years.¹²

As part of the examination process, all persons being examined must make available to OIR the accounts, records, documents, files, information, assets, and matters in their possession or control that relate to the subject of the examination.¹³ As part of an examination, OIR reviews contracts between insurers and MGAs, so that it can determine how much an insurer is paying its MGA and what services the insurer is receiving for the fee it pays. However, the lack of contracts between insurers and their affiliate MGAs sometimes makes it difficult to determine how much the insurer is paying and what services it is receiving from the MGA.

Effect of the Bill

³ See s. 628.801, F.S. An “insurance holding company system” consists of two or more affiliated persons, one or more of which is an insurer. National Association of Insurance Commissioners, <https://content.naic.org/sites/default/files/inline-files/MDL-440.pdf> (last visited Apr. 18, 2021).

⁴ IRMI, <https://www.irmi.com/term/insurance-definitions/managing-general-agent> (last visited Apr. 2, 2021).

⁵ *Id.*

⁶ S. 626.7451, F.S.

⁷ *Id.*

⁸ S. 624.316(1)(a), F.S.

⁹ *Id.*

¹⁰ S. 626.7452, F.S.

¹¹ A domestic insurer is one formed under the laws of Florida. s. 624.06(1), F.S.

¹² S. 624.316(2)(a), F.S. While s. 624.316(1)(a), F.S., clearly states that OIR may examine MGAs, because some MGAs are considered affiliates of insurers, and s. 624.316(2)(a), F.S., does not specify that OIR may examine affiliates in the same way as insurers, OIR has indicated that some MGAs have not been completely cooperative with the examination process.

¹³ S. 624.318(2), F.S.

The bill clarifies that OIR has the same authority to examine MGAs as it has to examine insurers, whether or not an MGA is an affiliate of an insurer. This authority applies even if the MGA solely represents a single domestic insurer. The bill also requires each insurer paying an affiliate to produce information regarding the fee paid to the affiliate upon request by OIR. OIR may determine whether the fee an insurer pays to an affiliate is fair and reasonable and, in so doing, may consider the actual cost of the services being provided in exchange for the fee. The bill establishes that all MGAs must execute contracts with the insurers that they do business with, even if they are MGAs that control, or are controlled by, an insurer. Further, the bill establishes that the scope of the examination of insurer's affiliates in a holding company system will be limited to information reasonably necessary to ascertain an insurer's financial condition. OIR's examination of an insurer's affiliate will not extend to the passive investors of affiliates within the holding company system which do not provide services directly or indirectly to the insurer or do not have direct or indirect relationships with the insurer unless reasonably necessary.

Collection of Property Insurance Claims Litigation Data by OIR

Background

All insurers with a Florida certificate of authority to transact insurance business must file quarterly and annual reports with OIR containing various financial data and actuarial opinions.¹⁴ However, the law does not currently specify that insurers must report data regarding the litigation of claims.

OIR recently conducted a data survey of property insurers to gather information regarding the litigation of personal or commercial residential property insurance claims.¹⁵ In response to this survey, several insurers indicated that they could not provide OIR with answers to questions related to litigation trends because they did not collect the requested data as part of their claims evaluation and adjusting process.¹⁶

Effect of the Bill

The bill establishes that beginning on January 1, 2022, each insurer or insurer group doing business in Florida must provide specific pieces of data regarding litigation of personal and commercial residential property insurance claims to OIR on an annual basis. This data includes, but is not limited to, the following information on a per claim basis:

- Type of policy;
- Date, location, and type of loss;
- Name and type of vendors utilized for mitigation, repair, or replacement;
- Dates on which the claim was reported to the insurer, closed by the insurer, and reopened by the insurer;
- Dates on which a supplemental claim was made;
- Whether the claimant had a public adjuster or an attorney;
- Total amounts that the insurer paid for indemnity, loss adjustment expenses,¹⁷ and insured's attorney fees;
- Whether the insured's attorney requested that a contingency risk multiplier (CRM)¹⁸ be applied to the attorney fees calculation and, if so, what CRM was applied.

¹⁴ S. 624.424, F.S.

¹⁵ Altmaier, *supra*, note 1, at 12.

¹⁶ *Id.*

¹⁷ Loss adjustment expenses are the costs associated with investigating and adjusting losses or insurance claims. IRMI, <https://www.irmi.com/term/insurance-definitions/loss-adjustment-expense> (last visited Apr. 2, 2021).

¹⁸ A CRM is a multiplier applied to attorney fees that reflects the risk of attorneys accepting, on a contingency fee basis, cases that may be difficult to win. See e.g., *Joyce v. Federated Nat'l Ins. Co.*, 228 So. 3d 1122 (Fla. 2017).

If insurers collect and report this data, OIR and the Legislature should be able to more effectively identify current and emerging property insurance litigation trends that may be affecting insurance rates.¹⁹

Citizens Property Insurance Corporation (Citizens)

Citizens is a state-created, not-for-profit, tax-exempt government entity that is an integral part of the state, whose public purpose is to provide property insurance to those unable to find affordable coverage in the private market.²⁰

Eligibility and Rates

Background

New applicants are eligible for coverage from Citizens if no private carrier will write them a policy for a premium that is less than 15 percent greater than what Citizens would offer them for comparable coverage.²¹ The rate cap, also known as the “glide path,” is not closing the gap between Citizens rates and private market rates. Instead, because of the rate cap and the increasing rates of private property insurance, the gap is growing and making Citizens more like a competitor to private insurers than an insurer of last resort. Annual rate increases for existing Citizens’ policyholders are capped at no more than 10 percent for any single policy.²²

Because Citizens’ rates are often well below those of private carriers, Citizens may be more competitive than otherwise intended. Due to Citizens’ structure, its rates do not contain certain elements that the rates of private insurers contain. Citizens does not pay taxes like private carriers do and does not need to purchase as much reinsurance as private carriers do due to higher levels of capital and surplus.

Current law also requires that Citizens make its best efforts to procure catastrophe reinsurance at reasonable rates to cover its projected 100-year probable maximum loss.²³ Due to the high cost of reinsurance over the recent years, Citizens has determined that it is not available at reasonable rates and has not purchased it. This lack of purchase has contributed to its rates remaining more competitive and more consumers being eligible for coverage from Citizens.

Effect of the Bill

The bill establishes that residential property owners are not eligible for coverage from Citizens if they can obtain coverage from private insurers that is less than 20 percent greater than the premium for comparable coverage from Citizens.

The bill also establishes that on or after January 1, 2022, Citizens must implement rate increases that do not exceed the following percentages for any single policy that it issues:

- Eleven percent for 2022;
- Twelve percent for 2023;
- Thirteen percent for 2024;
- Fourteen percent for 2025;
- Fifteen percent for 2026 and all subsequent years.

¹⁹ Altmaier, *supra*, note 1, at 12.

²⁰ S. 627.351(6)(a)1., F.S.

²¹ S. 627.351(6)(c)5.a., F.S.

²² S. 627.351(6)(n)6., F.S.

²³ S. 627.351(6)(c)9., F.S. “Probable maximum loss” refers to the value that may be reasonably expected to be lost in a single casualty. IRMI, <https://www.irmi.com/term/insurance-definitions/probable-maximum-loss> (last visited Apr. 2, 2021). If an insurer is buying reinsurance to cover its 100-year probable maximum loss, it is purchasing reinsurance to cover the maximum loss that has a chance of occurring once in 100 years.

The bill also clarifies that Citizens need not purchase catastrophe reinsurance to cover its projected 100-year probable maximum loss if it is not available at reasonable rates. However, Citizens must include the cost of this reinsurance in its rate calculations even if it does not purchase the reinsurance.

Salaries of Citizens' Personnel

Background

Citizens operates pursuant to a plan of operation (plan) that is approved by the Financial Services Commission (FSC).²⁴ Pursuant to the applicable statute, the plan may contain certain criteria regarding Citizens' employees.²⁵ Additionally, the applicable statute specifies that candidates for senior management positions with Citizens must undergo background checks, that employees must attest annually that they do not have any conflicts of interests with their employment, and that certain employees of Citizens are subject to ethics disclosures.²⁶ However, neither the statute nor the plan provide any parameters for the salaries that Citizens may pay its employees.

Effect of the Bill

The bill provides that Citizens' Board of Governors must approve all of the following:

- Budget allocations for the compensation of all Citizens' employees.
- Any proposed raise for an individual employee exceeding 10 percent of that employee's current salary.
- An overall employee compensation plan.

Notice of Property Insurance Claims

Background

Until 2011, the Florida Insurance Code (Code)²⁷ did not contain a time limit for giving notice of any type of property insurance claim. Section 95.11, F.S., requires that actions on contracts be brought within five years. Because an insurance policy is a contract, the five-year statute of limitations for contract actions generally applied to claims under insurance policies. Since a claim must have been made before a policyholder could sue for breach of contract, and a policyholder had five years to sue for breach of contract, the claim must have been made within five years of the date of loss.

Section 627.70132, F.S., enacted in 2011, established that notice of any initial, supplemental, or reopened claim²⁸ due to a hurricane or windstorm must be provided to a property insurer within three years after the hurricane made landfall or the windstorm caused the covered damage. Any claim for which notice is not given within the three-year timeframe is barred.²⁹ The three-year time limit for providing notice of a hurricane or windstorm claim does not affect the five-year statute of limitations for bringing suit under s. 95.11, F.S.³⁰ This means that while notice of a windstorm or hurricane claim must be provided to an insurer within three years of the date of loss, suit may still be brought for an additional two years past the notice deadline.³¹ The time limit for notice of all other property insurance

²⁴ S 627.351(6)(a)2., F.S. The FSC is composed of the Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. s. 20.121(3), F.S.

²⁵ S. 627.351(6)(c)3., F.S.

²⁶ S. 627.351(6)(d), F.S.

²⁷ The Florida Insurance Code is comprised of chapters 624-632, 634-636, 641, 642, 648, and 651, F.S.

²⁸ S. 627.70132, F.S., defines both "supplemental claim" and "reopened claim" as "any additional claim for recovery from the insurer for losses from the same hurricane or windstorm which the insurer has previously adjusted pursuant to the initial claim." Because these terms have the same definition, it is unclear why the statute uses both of them.

²⁹ S. 627.70132, F.S.

³⁰ *Id.*

³¹ Often, the type of suit that an insured brings against an insurer is a breach of contract suit based upon a denial of a claim.

claims besides hurricane and windstorm claims has remained equal to the five-year statute of limitations because statutes do not specify otherwise.

Effect of the Bill

The bill changes the notice of claim deadlines in the Code so that notice of any initial or reopened property insurance claim, including a claim made under a property insurance policy issued by an eligible surplus lines insurer, must be provided to a property insurer within two years of the date of loss. All supplemental property insurance claims must be provided to the insurer within three years of the date of loss.

The bill redefines reopened and supplemental claims so that these terms have separate meanings. A reopened claim is defined as a claim that an insurer has previously closed, but that has been reopened upon an insured's request for additional costs for loss or damage previously disclosed to the insurer. A supplemental claim is defined as a claim for additional loss or damage from the same peril which the insurer has previously adjusted or for which costs have been incurred while completing repairs or replacement pursuant to an open claim. The bill also makes technical changes to the statute regarding alternative dispute resolution of property insurance claims so that the changes to the notice of claim statute do not conflict with that statute.³²

Presuit Notice and Attorney Fees

Presuit Notice

Background

Under existing law, within 90 days after a residential property insurer receives a notice of an initial, reopened, or supplemental property insurance claim from a policyholder, the insurer must pay or deny the claim or a portion of the claim, unless the failure to pay is due to circumstances beyond the insurer's control which reasonably prevent payment.³³ In some circumstances, a claimant will hire an attorney and file suit against an insurer before the expiration of the allotted time for the insurer to pay or deny a claim. In contrast, as a condition precedent to bringing a third-party cause of action to enforce an assignment agreement against an insurer, the assignee must provide the name insured and the assignor a written notice of intent to initiate litigation, delivered at least ten business days before filing suit, but not before the insurer has made a determination of coverage.³⁴

Effect of the Bill

The bill creates a new statutory section which applies to all residential and commercial property suits not brought by an assignee, including all such suits against licensed and surplus lines insurers. As a condition precedent to filing suit under a property insurance policy, a claimant must provide the Department of Financial Services (DFS) with a written notice of intent to initiate litigation on a form provided by DFS at least 10 business days prior to filing suit, but not before the the insurer has made a determination of coverage.³⁵ DFS will provide the insurer with the notice by delivering it to a designated email on file with DFS.

The notice of intent to initiate litigation must include insurer's acts or omissions that give rise to the suit, which may include a denial of coverage. If the notice is being provided to an insurer following a denial of coverage, the notice must also include an estimate of damages, if known. If the notice is being

³² S. 627.7015, F.S.

³³ S. 627.70131, F.S. This statute is sometimes referred to as the "prompt pay" statute for property insurance claims.

³⁴ An assignee is someone who receives policy rights through an assignment by a policyholder (assignor). IRMI, <https://www.irmi.com/term/insurance-definitions/assignee> (last visited Apr. 2, 2021). See s. 627.7152, F.S., for presuit requirements placed on assignees.

³⁵ S. 627.70131, F.S.

provided to an insurer following any other act or omission by the insurer, it must include both of the following:

- A presuit settlement demand that must itemize damages, attorney fees, and costs.
- The disputed amount, which is defined as the difference between the claimant's presuit settlement demand, not including attorney fees and costs, and the insurer's presuit settlement offer, not including attorney fees and costs.

Pursuant to the bill, an insurer served with a presuit notice must respond to the notice in writing within ten business days after receiving the notice. If an insurer is responding to a notice served on it following a denial of coverage, the insurer must respond by: (1) accepting coverage; (2) denying coverage; or (3) asserting the right to reinspect the damaged property. If an insurer responds by asserting the right to reinspect the damaged property, it has 14 business days from the response asserting that right, to reinspect the property and accept or continue to deny coverage. If the insurer continues to deny coverage, the claimant may file suit without providing additional notice to the insurer.

If an insurer is responding to a notice served on it following any act or omission other than a coverage denial, the insurer must respond by making a settlement offer or by requiring the claimant to participate in appraisal or another form of alternative dispute resolution as provided for under the insurance policy. The time limits for filing a suit under s. 95.11, F.S., are tolled during the ten-day period for the insurer to respond to the presuit notice, during the 14-day period allowed for the insurer to reinspect the property, and while appraisal or alternative dispute resolution is ongoing if the time limit to file suit would expire during those periods. However, if appraisal or alternative dispute resolution have not been concluded within 90 days after the expiration of the ten-day notice of intent to initiate litigation, the claimant or claimant's attorney may immediately file suit without providing the insurer additional notice. Additionally, if a claim is not resolved during the presuit notice process and if the time limits provided under s. 95.11, F.S., expire in the 30 days following the conclusion of the presuit notice process, such time limits are tolled for 30 days.

The bill requires that a court dismiss without prejudice any claimant's suit relating to a claim for which presuit notice is given if the suit is commenced before the expiration of the applicable time period for the insurer to respond. If a court dismissed a claimant's suit under these circumstances, the claimant's attorney is not entitled to an award of attorney fees for services rendered before the suit's dismissal.

The bill:

- Establishes that presuit notice is admissible as evidence only in a proceeding regarding attorney fees;
- Provides that the presuit notice does not limit the evidence of attorney fees or costs, damages, or loss, which may be offered at trial; and
- Provides that the presuit notice does not relieve the insured or an assignee of the burden of providing any other notices required by law.

Finally, the bill provides a framework for the consolidation of multiple actions involving coverage provided under the same residential property insurance policy for the same property.

Attorney Fees

Background

In certain situations, a court may require one party to pay the opposing party's attorney fees. The traditional English Rule entitled a prevailing party to attorney fees as a matter of right. Florida, however, with a majority of other U.S. jurisdictions, adopted the American Rule, under which each party is responsible for its own attorney fees unless a statute provides an entitlement to fees. Several state and federal statutes known as "fee-shifting statutes" provide that a prevailing party in court proceedings is

entitled to reasonable attorney fees as a matter of right.³⁶ When a fee-shifting statute applies, the court must determine and calculate what constitutes reasonable attorney fees. Current Florida law provides that when a court issues a judgment against an insurer, and in favor of an insured who is represented by an attorney, the court shall order that the insurer pay a reasonable amount of attorney fees to an insured's attorney.³⁷ This provision regarding attorney fees is applicable to various insurance claim disputes, including property insurance claim disputes.³⁸ Additionally, attorney fees for property insurance claim disputes can be recovered under s. 57.105, F.S., for raising unsupported claims or defenses, and under s. 768.79, F.S., in certain circumstances where an offer of judgment or demand for judgment has been filed.

Effect of the Bill

The bill creates specific one-way attorney fees provisions for residential and commercial property insurance litigation not brought by an assignee, as follows:

- If the difference between the judgment obtained by the claimant and the presuit settlement offer by the insurer, excluding reasonable attorney fees and costs, is less than 20 percent of the disputed amount, each party pays their own attorney fees and costs.
- If the difference between the judgment obtained by the claimant and the presuit settlement offer by the insurer, excluding reasonable attorney fees and costs, is at least 20 percent but under 50 percent of the disputed amount, the insurer pays the claimant's attorney fees and costs equal to the percentage of the disputed amount obtained times the total attorney fees and costs.
- If the difference between the judgment obtained by the claimant and the presuit settlement offer by the insurer, excluding reasonable attorney fees and costs, is at least 50 percent of the disputed amount, the insurer pays the claimant's full attorney fees and costs.

The bill defines the disputed amount as the difference between the claimant's presuit settlement demand, not including attorney fees and costs and the insurer's presuit settlement offer, not including attorney fees and costs.

The bill establishes that for suits arising under residential or commercial property insurance policies not brought by assignees, attorney fees shall only be awarded under s. 57.105, F.S., or the newly created statutory provisions described above. These attorney fee provisions apply to litigation regarding claims made under policies issued by licensed and surplus lines insurers.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

³⁶ See, e.g., s. 627.428, F.S., which is often referred to as the "one-way attorney fees statute" (providing that an insured who prevails against an insurer is entitled to "a reasonable sum" of attorney fees); s. 501.2105, F.S. (providing that the prevailing party in an action under the Florida Deceptive and Unfair Trade Practices Act (FDUTPA) is entitled to "a reasonable legal fee"); 42 U.S.C. s. 1988(b) (providing that a prevailing party seeking to enforce specified civil rights statutes may recover "a reasonable attorney's fee").

³⁷ S. 627.428, F.S.

³⁸ Of note, the Florida legislature has expressly prohibited the use of contingency risk multipliers for personal injury protection cases. See s. 627.736(8)(c), F.S.

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent the bill reduces property insurance rates and claims litigation, the bill may have a positive indeterminate impact on the private sector.

D. FISCAL COMMENTS:

None.