



Sarasota
Atlas Insurance
Office



Atlas Insurance Agency Special Bulletin Legislative Special Session – Property Insurance

Purpose / Goal: to stabilize the property insurance marketplace by addressing out of control rate hikes and cancelation of tens of thousands of Florida policyholders.

Conclusion / Summary: Below is a summary of the recently passed legislation (Senate Bill 2A). A full copy with specifics is available at [SB 2-A](#)

- This legislation is a step in the right direction although it will take time – 12-18-24 months - to see the full benefits of these needed changes.
- The insurance capital marketplace, including reinsurers, national carriers, regional carriers, Florida domiciled carriers, private equity, and excess & surplus carriers, will need to gain a comfort level with the new legislation before coming back fully engaged once again in the marketplace.
- In the interim, premiums will continue to increase as reinsurance costs rise and capacity remains limited, including limitations to policy terms and conditions compared to previous years.
- The current insurance cycle will improve; as the legislation takes hold, and if weather patterns cooperate, the marketplace should return to a more “normal” reality.

Legislative Highlights Included:

1. **Making available a cost-effective layer of reinsurance** provided by the state of Florida to the private insurance marketplace.
2. **Reduce the cost of litigation regarding property insurance claims** by (1) limiting one way attorney fee provisions and (2) prohibits the assignments of benefits (AOB) for commercial or residential policies issued January 01, 2023. Additionally (3), provides that bad faith claims for property insurance may not be filed until after the insurance has established that the insurance carrier breached the insurance contract, and a final judgement has been made against the insurance company. Finally (4), allowing insurance carriers to include mandatory arbitration in its policies. The insurer may not require a policyholder to participate in the mandatory binding arbitration unless specified conditions are met, including that the insurer also offer a policy that does not have this clause and the insurer must provide an adequate premium discount in exchange for the rights ceded by the policyholder.





3. **Making it more difficult to access Citizens Insurance** by (1) limiting the eligibility to access a Citizens policy only if an authorized insurer has not offered coverage for greater than 20% of the Citizens renewal rates, (2) requires Citizen's rate be non-competitive with the approved rates in the admitted marketplace, and (3) repeals language allowing policyholders to return to Citizens if the take-out companies rate increase above Citizens glidepath.
4. **Reduce the Claim filing deadline** for property claims from 2 years to 1 year for new claims and from 3 years to 18 months on reopened claims.

In addition to the above items, there are some valuable consumer protections which were included on the legislation with the special session, and these are:

1. Requires Insurance Carrier to acknowledge a claim within seven days of receiving notice of claim and conducting a physical inspection of the loss within thirty days of the notice of claim. Carriers must also pay or deny the claim within sixty days, but this also provided the OIR with the authority to extend an additional thirty days in certain circumstances.
2. Provides tax relief, tool relief and other financial assistance for those affected by Hurricane Ian and Nicole.
3. Provides the Insurance Commissioner with the discretion to extend the 30-day cancellation period of policies of an insolvent insurance company to 45 days to provide more time to find a suitable replacement.
4. Increased Oversight of Property Insurance Companies ensuring professional conduct.

As always thank you for your continued trust in our agency and we will continue to keep you posted on any additional information pertinent to the marketplace.

