



May 26, 2022

Public Policy Update

Hello everyone. I'm bringing this week's update to you a day early because we have a lot of important items to update you on. The most important of course, is the conclusion of special session which happened late yesterday.

It took lawmakers three days to debate, discuss and ultimately pass significant property insurance reforms that will go a long way in helping to alleviate Florida's ongoing property insurance crisis. I'll summarize the major points of those reforms below, but suffice it to say, they were not shy in their efforts to reduce frivolous lawsuits, crack down on roofing scams, provide reinsurance relief that will benefit policyholders and empower property owners to harden their homes against storms.

The measures passed by lawmakers this week may not immediately reduce premiums, but they do get at the heart of the problem and will have a long-term positive effect on Florida's insurance market.

Florida lawmakers must have eaten their Wheaties this week though, because while they were putting the finishing touches on the property insurance situation they decided to add condominium reform to the list of things they wanted to tackle as well.

In response to the Surfside tragedy last June that killed 98 people, lawmakers unanimously passed an overhaul of the high-rise inspection law, requiring more frequent recertification of safety standards and mandating that condo boards build up reserves to be able to make needed repairs. I'll break down the condo changes below as well.

Insurance Reform Passed by Lawmakers

The Senate on Tuesday, and House on Wednesday passed what both supporters and opponents said was a first step in a bid to address the state's overburdened property insurance market, sending the measure to Governor Ron DeSantis just before the start of hurricane season. [Senate Bill 2D - Property Insurance](#) passed by a vote of 30-9 in the Senate and 95-14 in the House. Below are a few highlights contained within Senate Bill 2D, which Florida Realtors® actively supported throughout special session:

- **Protecting Policyholders from Nonrenewal:** Insurers may not refuse to write or renew policies on homes with roofs that are less than 15 years old solely because of the roof's age.
- **Roof Solicitations:** Requires roofing solicitations to contain consumer-awareness language that the homeowner is responsible for the deductible under the insurance policy, and it is insurance fraud for the contractor to reduce or waive the deductible or file a claim with false or misleading information.
- **Roof Deductible:** Allows insurance companies to offer a policy at a reduced rate to consumers that includes a roof deductible of up to 2% of the insured value or 50% of the roof replacement cost. Roof deductibles will not apply when there is a total loss to the structure, a loss caused by a hurricane, a roof loss resulting from a fallen tree or other hazard, or a loss requiring a repair of less than 50% of the roof.
- **Assignment of Benefits (AOB) Reform:** Eliminates attorney fee awards where policyholder benefits have been assigned to a 3rd party.
- **Contingency Fee Multiplier:** Limits attorney fee multipliers to "rare and exceptional circumstances."
- **Notice of Intent to Litigate:** Allows insurers to collect attorney fees where a case is dismissed because plaintiff fails to provide required pre-suit notice.
- **Civil Remedy Notice:** Limits bad faith lawsuits by requiring policyholder to establish an actual breach of contract.
- **Improving Affordability for Policyholders:** Authorizes \$2 billion for a new Reinsurance to Assist Policyholders (RAP) program to help insurers obtain reimbursement for hurricane losses earlier than they normally would under the Florida CAT Fund. This reinsurance is provided by the state at no cost to the insurer. Insurers that participate in RAP must reduce policyholder premiums.
- **Home Hardening Grants:** Appropriates \$150 million to provide hurricane mitigation inspections and matching grants to help Floridians afford home hardening improvements to their homestead single-family residences with an insured value of \$500,000 or less. The program provides \$2 in grant funds for every \$1 provided by the homeowner up to \$10,000.
- **Holding Insurers Accountable:** Prohibits insurance companies from denying claims without communicating sufficient reason. Requires the state to analyze why

an insurer failed within two months after insolvency process begins. Strengthens Office of Insurance Regulation insurer oversight.

Lawmakers Pass Condominium Reforms

The call for special session was expanded to include condominium reform in response to the tragedy in Surfside, FL last June. Lawmakers acted quickly, passing [Senate Bill 4D - Building Safety](#) unanimously in both chambers.

SB 4D provides several measures designed to increase building safety and prevent the types of issues that led to the Surfside collapse. Specifically, the bill:

- Creates a statewide "milestone inspection" requirement for condominiums and cooperative buildings that are three stories or higher 30 years after initial occupancy, and 25 years after initial occupancy for buildings located within three miles of the coast.
 - Requires inspections every 10 years after a building's initial "phase 1" inspection.
 - Requires an additional, more intensive inspection, or a "phase 2" inspection, if a building's initial inspection reveals substantial structural deterioration.
 - Beginning in 2024, condo associations are required to conduct a structural integrity reserve study at least every ten years and prevents needed reserves from being waived.
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Gov. DeSantis Announces Launch of Florida Hometown Hero Housing Program

In case you missed my special update on Monday, Governor DeSantis [announced](#) the June 1st launch of the Florida Hometown Hero Housing Program (HHHP) to help Floridians in over 50 critical professions purchase their first home. The Hometown Hero Housing Program will be available to Floridians including law enforcement officers, firefighters, educators, healthcare professionals, childcare employees, and active military or veterans. The program has a \$100 million appropriation attached to it. The governor also announced his intent to support the total of nearly \$363 million for affordable and workforce housing in the 2022-2023 budget, the highest total in 15 years.

Eligible workers can apply for the program beginning on June 1, with the funding for the program becoming available on July 1 after Gov. DeSantis signs the state budget. Florida Housing Finance Corporation has created a [website](#) outlining the parameters of the program and details the application process.

Florida Realtors® worked closely with the Florida Legislature throughout the 2022 session to create the HHHP. This new program will be a huge help in addressing the ongoing housing crisis in the state.

Governor's Bill-Related Activity

So far, Governor DeSantis has signed 164 pieces of legislation passed during the 2022 legislative session into law. An additional 10 bills have been presented to the governor that await his signature. That leaves 100 bills passed during session that have not been sent to his desk for approval yet, including the \$112 billion state budget.

See what the governor signed into law this week [here](#).

CFO Patronis Releases Report on Florida's Economic Resiliency

This week, Florida Chief Financial Officer (CFO) Jimmy Patronis issued a [report](#) which outlines how Florida's economy outpaced the nation. Key findings of the report show even after the global pandemic, Florida's economy continued to grow and outpace the US economy; Florida's finance and real estate industries suffered no economic dip; and Florida's COVID-19 policies allowed Florida's economy to make a quick rebound leading to exceptional growth.

These, and many other topics can be found on [Florida Realtors® website](#). Also, you can always reach out to us at publicpolicy@floridarealtors.org with any questions you may have.

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