

In Florida, House Bill 805 Will Likely Allow Insurance Policy Transfers

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The Florida Legislature passed House Bill 805, regarding insurance policy transfers. If, as anticipated, the governor signs the bill into law, it will allow insurance companies writing personal lines residential and commercial residential policies to transfer those policies to another insurance company upon the policy term's expiration. Under current law, insurance companies writing commercial lines insurance policies may transfer those policies to another insurance company so long as they provide 45 days' written notice and meet other requirements specified in the statute. A transferred policy is considered a renewal policy, rather than a canceled, non-renewed, or terminated policy. Companies may not use this process, however, to transfer personal lines residential or commercial residential policies. Rather, they must first cancel, non-renew, or terminate the existing residential policy, as well as provide a written notice of such cancellation 120 days in advance.

The bill authorizes companies issuing residential policies to use a transfer process similar to that currently authorized for commercial lines policies. It allows the transfer of a personal lines residential or commercial residential policy as a renewal policy, rather than requiring the policy's cancellation. The policy may only be transferred to another authorized insurer that is a member of the same group

or owned by the same holding company as the transferring insurer.

The various conditions imposed by House Bill 805 to exercise the transfer include that: the receiving insurance company be admitted in Florida and writing residential property insurance in multiple states, the receiving company may not convert the policy to a surplus lines policy, and the receiving company must be determined to have the same or better financial strength than the transferring insurer. The transfer must result in policy coverage that is substantially similar. The receiving company must provide notice of the transfer to the policyholder at least 60 days before its effective date and the Office of Insurance Regulation must approve the transfer.

The Carlton Fields Insurance and Government Law and Consulting Practice Groups stand ready to assist insurance companies with any questions they may have regarding this legislation.

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