

1                   A bill to be entitled  
2           An act relating to disposition of insurance proceeds;  
3           amending s. 494.0026, F.S.; providing requirements for  
4           the disposition of specified insurance proceeds held  
5           by mortgagees and assignees under certain  
6           circumstances; providing requirements for the  
7           notification to the insureds; creating s. 655.969,  
8           F.S.; requiring financial institutions and  
9           subsidiaries to promptly endorse specified  
10          instruments; providing an exception; providing  
11          requirements for the disposition of specified  
12          insurance proceeds held by financial institutions and  
13          subsidiaries under certain circumstances; providing  
14          requirements for the notification to the insureds;  
15          providing construction; providing an effective date.

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17   Be It Enacted by the Legislature of the State of Florida:

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19           Section 1. Subsection (2) of section 494.0026, Florida  
20   Statutes, is amended to read:

21           494.0026   Disposition of insurance proceeds.—The following  
22   provisions apply to mortgage loans held by a mortgagee or  
23   assignee that is subject to part II or part III of this chapter.

24           (2)   Insurance proceeds received by a mortgagee or assignee  
25   that relate to compensation for damage to property or contents

26 insurance coverage in which the mortgagee or assignee has a  
27 security interest must be promptly deposited into a segregated  
28 account of a federally insured financial institution. A  
29 mortgagee or assignee holding insurance proceeds pending  
30 completion of all or part of damage repairs shall:

31 (a) Deposit the proceeds into an interest-bearing account  
32 for the benefit of the insured that yields interest no less than  
33 the insured could expect to obtain from a savings or money  
34 market account. Interest must begin to accrue on the date the  
35 mortgagee or assignee endorses the check, draft, or other  
36 negotiable instrument for proceeds.

37 (b) Notify the insured of each requirement that the  
38 insured must fulfill for the mortgagee or assignee to release  
39 the proceeds. Notice required under this paragraph must be sent  
40 via written or electronic delivery no later than the 10th  
41 business day after the date the mortgagee or assignee endorses  
42 the check, draft, or other negotiable instrument for proceeds.

43 (c) Distribute all interest accrued by the account to the  
44 insured no later than upon the final disbursement of proceeds.

45  
46 This section may not be construed to prevent an insurance  
47 company from paying the insured directly for additional living  
48 expenses or paying the insured directly for contents insurance  
49 coverage if the mortgagee or assignee does not have a security  
50 interest in the contents.

51 Section 2. Section 655.969, Florida Statutes, is created  
 52 to read:

53 655.969 Disposition of insurance proceeds.—The following  
 54 provisions apply to mortgage loans held by a financial  
 55 institution or subsidiary:

56 (1) The financial institution or subsidiary must promptly  
 57 endorse a check, draft, or other negotiable instrument payable  
 58 jointly to the financial institution or subsidiary and the  
 59 insured by the insurance company. However, the financial  
 60 institution or subsidiary is not required to endorse such  
 61 instrument if the insured or a payee who is not subject to the  
 62 financial institutions codes refuses to endorse the instrument.

63 (2) Insurance proceeds received by a financial institution  
 64 or subsidiary that relate to compensation for damage to property  
 65 or contents insurance coverage in which the financial  
 66 institution has a security interest must be promptly deposited  
 67 into a segregated account of a federally insured financial  
 68 institution. A financial institution or subsidiary holding  
 69 insurance proceeds pending completion of all or part of damage  
 70 repairs shall:

71 (a) Deposit the proceeds into an interest-bearing account  
 72 for the benefit of the insured that yields interest no less than  
 73 the insured could expect to obtain from a savings or money  
 74 market account. Interest must begin to accrue on the date the  
 75 mortgagee or assignee endorses the check, draft, or other

76 negotiable instrument for proceeds.

77 (b) Notify the insured of each requirement that the  
78 insured must fulfill for the mortgagee or assignee to release  
79 the proceeds. Notice required under this paragraph must be sent  
80 via written or electronic delivery no later than the 10th  
81 business day after the date the mortgagee or assignee endorses  
82 the check, draft, or other negotiable instrument for proceeds.

83 (c) Distribute all interest accrued by the account to the  
84 insured no later than upon the final disbursement of proceeds.

85 (3) Insurance proceeds received by a financial institution  
86 or subsidiary that relate to contents insurance coverage in  
87 which the financial institution or subsidiary does not have a  
88 security interest in the contents must be promptly distributed  
89 to the insured.

90 (4) Insurance proceeds received by a financial institution  
91 or subsidiary that relate to additional living expenses must be  
92 promptly distributed to the insured.

93 (5) The financial institution or subsidiary is not  
94 required to remit the portion of the proceeds relating to  
95 additional living expenses and contents insurance if the  
96 financial institution or subsidiary is not able to determine  
97 which part of the proceeds relates to additional living expenses  
98 and contents insurance.

99  
100 This section may not be construed to prevent an insurance

101 company from paying the insured directly for additional living  
102 expenses or paying the insured directly for contents insurance  
103 coverage if the financial institution or subsidiary does not  
104 have a security interest in the contents.

105 Section 3. This act shall take effect July 1, 2020.