A bill to be entitled

An act relating to awards of attorney fees in insurance claims; amending s. 86.121, F.S.; revising procedures for awards of attorney fees in legal proceedings for declaratory reliefs to determine insurance coverage; creating s. 626.9375, F.S.; providing guidelines for awards of attorney fees in civil claims for damages against surplus lines insurers; defining the term "judgment"; creating s. 627.4275, F.S.; providing guidelines for awards of attorney fees in civil claims for damages against insurers; defining the term "judgment"; amending ss. 624.123, 624.488, 627.062, 627.401, 627.727, 627.736, and 628.6016, F.S.; providing applicability; creating ss. 631.696 and 631.9245, F.S.; providing applicability; amending s. 632.638, F.S.; providing applicability; providing an effective date.

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

Section 1. Section 86.121, Florida Statutes, is amended to read:

86.121 Attorney fees; claims ~~actions~~ for declaratory relief to determine insurance coverage ~~after total coverage denial of claim~~.—

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

~~(1)~~ In a claim ~~an action brought~~ for declaratory relief in state or federal court to determine insurance coverage after the insurer denied coverage or reserved its right to deny coverage in the future, ~~has made a total coverage denial of a claim:~~

~~(a) Either party is entitled to the summary procedure provided in s. 51.011, and the court shall advance the cause on the calendar.~~

~~(b)~~ the court shall award reasonable attorney fees to the named insured, omnibus insured, or third-party ~~named~~ beneficiary under a policy issued by the insurer upon rendition of a declaratory judgment in favor of the named insured, omnibus insured, or third-party ~~named~~ beneficiary, or upon the insurer's voluntary dismissal of the claim with or without prejudice. This right may not be transferred to, assigned to, or acquired in any other manner by anyone other than a named or omnibus insured or a third-party ~~named~~ beneficiary. ~~A defense offered by an insurer pursuant to a reservation of rights does not constitute a coverage denial of a claim.~~ Such fees are limited to those incurred in the claim ~~action brought under this chapter~~ for declaratory relief to determine coverage of insurance ~~issued under the Florida Insurance Code~~.

~~(2) This section does not apply to any action arising under a residential or commercial property insurance policy.~~

Section 2. Section 626.9375, Florida Statutes, is created to read:

626.9375 Attorney fees.—

(1) In any civil claim for damages against a surplus lines insurer by a named or omnibus insured or a named beneficiary under an insurance policy or contract executed by the insurer, the trial court or, in the event of an appeal, the appellate court shall award reasonable attorney fees to the prevailing party. For purposes of this subsection:

(a) The insured or named beneficiary is the prevailing party:

1. If such person obtains a judgment greater than the highest written settlement offer previously made by the insurer to such person;

2. If such person obtains a judgment against the insurer when the insurer previously makes no written settlement offer to such person; or

3. If the insurer makes a payment to such person after the civil claim is filed but before a final judgment is obtained.

(b) If the insured or named beneficiary obtains a judgment against the insurer for an amount greater than the highest written settlement offer made by the insurer before the suit is filed but less than the highest written settlement offer made by the insurer after the suit is filed, the insured or named beneficiary is the prevailing party for the period until the insurer makes the first written settlement offer that is greater than the judgment.

(c) The insurer is the prevailing party if the insured or named beneficiary is not the prevailing party.

(d) As used in this subsection, the term "judgment" includes the total amount of the damages, the prejudgment interest on unpaid benefits, and any reasonable attorney fees and costs incurred by the insured or named beneficiary. Notwithstanding any agreement between the attorney and the insured or named beneficiary, attorney fees are deemed incurred by the insured or named beneficiary when the attorney reasonably expends time on the claim after it is filed.

(e) Any offer made by the insurer is not considered a written settlement offer if the offer:

1. Is not kept open for at least 5 business days;

2. Is made later than 45 days before the date set for trial or the first day of the docket on which the case is set for trial, whichever is earlier; or

3. Contains nonmonetary terms, other than a voluntary dismissal of the claim with prejudice if the offer is made after the suit is filed or a covenant not to sue if the offer is made before the suit is filed.

(2) When awarded, attorney fees must be included in the judgment or decree rendered in the case.

Section 3. Section 627.4275, Florida Statutes, is created to read:

627.4275 Attorney fees.—

(1) In any civil claim for damages against an insurer by a named or omnibus insured or a named beneficiary under an insurance policy or contract executed by the insurer, the trial court or, in the event of an appeal, the appellate court shall award reasonable attorney fees to the prevailing party. For purposes of this subsection:

(a) The insured or named beneficiary is the prevailing party if:

1. Such person obtains a judgment greater than the highest written settlement offer previously made by the insurer to such person;

2. Such person obtains a judgment against the insurer when the insurer previously makes no written settlement offer to such person; or

3. The insurer makes a payment to such person after the civil claim is filed but before a final judgment is obtained.

(b) If the insured or named beneficiary obtains a judgment against the insurer for an amount greater than the highest written settlement offer made by the insurer before the suit is filed but less than the highest written settlement offer made by the insurer after the suit is filed, the insured or named beneficiary is the prevailing party for the period until the insurer makes the first written settlement offer that is greater than the judgment.

(c) The insurer is the prevailing party if the insured or

named beneficiary is not the prevailing party.

(d) As used in this subsection, the term "judgment" includes the total amount of the damages, the prejudgment interest on unpaid benefits, and any reasonable attorney fees and costs incurred by the insured or named beneficiary. Notwithstanding any agreement between the attorney and the insured or named beneficiary, attorney fees are deemed incurred by the insured or named beneficiary when the attorney reasonably expends time on the claim after it is filed.

(e) Any offer made by the insurer is not considered a written settlement offer if the offer:

1. Is not kept open for at least 5 business days;

2. Is made later than 45 days before the date set for trial or the first day of the docket on which the case is set for trial, whichever is earlier; or

3. Contains nonmonetary terms, other than a voluntary dismissal of the claim with prejudice if the offer is made after the suit is filed or a covenant not to sue if the offer is made before the suit is filed.

(2) When awarded, attorney fees must be included in the judgment or decree rendered in the case.

Section 4. Subsection (4) of section 624.123, Florida Statutes, is amended to read:

624.123 Certain international health insurance policies; exemption from code.—

(4) Any international health insurance policy or application solicited, provided, entered into, issued, or delivered pursuant to this subsection is exempt from all provisions of the insurance code, except that such policy, contract, or agreement is subject to ~~the provisions of~~ ss. 624.155, 624.316, 624.3161, 626.951, 626.9511, 626.9521, 626.9541, 626.9551, 626.9561, 626.9571, 626.9581, 626.9591, 626.9601, 627.413, 627.4145, 627.4275, and 627.6043.

Section 5. Subsection (4) of section 624.488, Florida Statutes, is amended to read:

624.488 Applicability of related laws.—In addition to other provisions of the code cited in ss. 624.460-624.488:

(4) Sections 627.291, 627.413, 627.4132, 627.416, 627.418, 627.420, 627.421, 627.425, 627.426, 627.4265, 627.427, 627.4275, 627.702, and 627.706; part XI of chapter 627; ss. 627.912, 627.913, and 627.918;

apply to self-insurance funds. Only those sections of the code that are expressly and specifically cited in ss. 624.460-624.489 apply to self-insurance funds.

Section 6. Paragraph (b) of subsection (3) of section 627.062, Florida Statutes, is amended to read:

627.062 Rate standards.—

(3)

(b) Individual risk rates and modifications to existing

approved forms are not subject to this part or part II, except for paragraph (a) and ss. 627.402, 627.403, 627.4035, 627.404, 627.405, 627.406, 627.407, 627.4085, 627.409, 627.4132, 627.4133, 627.415, 627.416, 627.417, 627.419, 627.425, 627.426, 627.4265, and 627.427, 627.4275, but are subject to all other applicable provisions of this code and rules adopted thereunder.

Section 7. Subsections (3), (4), and (5) of section 627.401, Florida Statutes, are amended to read:

627.401 Scope of this part.—No provision of this part of this chapter applies to:

(3) Wet marine and transportation insurance, except ss. 627.409, ~~and~~ 627.420, and 627.4275.

(4) Title insurance, except ss. 627.406, 627.415, 627.416, 627.419, ~~and~~ 627.427, and 627.4275.

(5) Credit life or credit disability insurance, except ss. 627.419(5) and 627.4275 ~~s. 627.419(5)~~.

Section 8. Subsections (8) and (9) of section 627.727, Florida Statutes, are renumbered as subsections (9) and (10), respectively, and subsection (8) is added to that section, to read:

627.727 Motor vehicle insurance; uninsured and underinsured vehicle coverage; insolvent insurer protection.—

(8) If a dispute arises in an action under this section regarding whether a policy provides uninsured motorist coverage or the amount of coverage available under the policy, attorney

fees may be recovered under s. 86.121. Sections 626.9375 and 627.4275 do not apply to any action brought under this section against the uninsured motorist insurer.

Section 9. Subsection (8) of section 627.736, Florida Statutes, is amended to read:

627.736 Required personal injury protection benefits; exclusions; priority; claims.—

(8) APPLICABILITY OF PROVISION REGULATING ATTORNEY FEES.— With respect to any dispute under the provisions of ss. 627.730-627.7405 between the insured and the insurer, or between an assignee of an insured's rights and the insurer, ss. 627.4275 and 768.79 ~~the provisions of s. 768.79~~ apply, except as provided in subsections (10) and (15), and except that any attorney fees recovered must:

(a) Comply with prevailing professional standards;

(b) Not overstate or inflate the number of hours reasonably necessary for a case of comparable skill or complexity; and

(c) Represent legal services that are reasonable and necessary to achieve the result obtained.

Upon request by either party, a judge must make written findings, substantiated by evidence presented at trial or any hearings associated therewith, that any award of attorney fees complies with this subsection. Attorney fees recovered under ss.

627.730-627.7405 must be calculated without regard to a contingency risk multiplier.

Section 10. Subsection (4) of section 628.6016, Florida Statutes, is amended to read:

628.6016 Applicability of related laws.—In addition to other provisions of the code cited in ss. 628.6011-628.6018:

(4) Sections 627.291, 627.413, 627.4132, 627.416, 627.418, 627.420, 627.421, 627.425-627.427, 627.4275, 627.702, and 627.706; part XI of chapter 627; ss. 627.912, 627.913, and 627.918; and

apply to assessable mutual insurers; however, ss. 628.255, 628.411, and 628.421 do not apply. No section of the code not expressly and specifically cited in ss. 628.6011-628.6018 applies to assessable mutual insurers. The term "assessable mutual insurer" shall be substituted for the term "commercial self-insurer" as appropriate.

Section 11. Section 631.696, Florida Statutes, is created to read:

631.696 Attorney fees.—Section 627.4275 does not apply to any claim presented to the association under this part, unless the association denies, by affirmative action other than delay, a covered claim or a portion thereof.

Section 12. Section 631.9245, Florida Statutes, is created to read:

631.9245 Attorney fees.—Section 627.4275 does not apply to any claim presented to the corporation under this part, unless the corporation denies, by affirmative action other than delay, a covered claim or a portion thereof.

Section 13. Subsections (11), (12), and (13) of section 632.638, Florida Statutes, are renumbered as subsections (12), (13), and (14), respectively, and a new subsection (11) is added to that section, to read:

632.638 Applicability of other code provisions.—In addition to other provisions contained or referred to in this chapter, the following chapters and provisions of this code apply to fraternal benefit societies, to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications thereof:

(11) Section 627.4275;

Section 14. This act applies to any claim or lawsuit arising out of an insurance policy or contract issued on or after July 1, 2026.

Section 15. This act shall take effect July 1, 2026.