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West's Florida Statutes Annotated [Currentness](#)

Title XXXVII. Insurance (Chapters 624-651) [\(Refs & Annos\)](#)

[Chapter 627](#). Insurance Rates and Contracts [\(Refs & Annos\)](#)

[Part X](#). Property Insurance Contracts [\(Refs & Annos\)](#)

→ **627.707. Investigation of sinkhole claims; insurer payment; nonrenewals**

Upon receipt of a claim for a sinkhole loss, an insurer must meet the following standards in investigating a claim:

- (1) The insurer must inspect the policyholder's premises to determine if there is structural damage that may be the result of sinkhole activity.
- (2) If the insurer confirms that structural damage exists but is unable to identify a valid cause of such damage or discovers that such damage is consistent with sinkhole loss, the insurer shall engage a professional engineer or a professional geologist to conduct testing as provided in [s. 627.7072](#) to determine the cause of the loss within a reasonable professional probability and issue a report as provided in [s. 627.7073](#), only if sinkhole loss is covered under the policy. Except as provided in subsections (4) and (6), the fees and costs of the professional engineer or professional geologist shall be paid by the insurer.
- (3) Following the initial inspection of the policyholder's premises, the insurer shall provide written notice to the policyholder disclosing the following information:
  - (a) What the insurer has determined to be the cause of damage, if the insurer has made such a determination.
  - (b) A statement of the circumstances under which the insurer is required to engage a professional engineer or a professional geologist to verify or eliminate sinkhole loss and to engage a professional engineer to make recommendations regarding land and building stabilization and foundation repair.
  - (c) A statement regarding the right of the policyholder to request testing by a professional engineer or a professional geologist, the circumstances under which the policyholder may demand certain testing, and the circumstances under which the policyholder may incur costs associated with testing.
- (4)(a) If the insurer determines that there is no sinkhole loss, the insurer may deny the claim.
- (b) If coverage for sinkhole loss is available and the insurer denies the claim without performing testing under [s. 627.7072](#), the policyholder may demand testing by the insurer under [s. 627.7072](#).
  1. The policyholder's demand for testing must be communicated to the insurer in writing within 60 days after the policyholder's receipt of the insurer's denial of the claim.
  2. The policyholder shall pay 50 percent of the actual costs of the analyses and services provided under [ss. 627.7072](#) and [627.7073](#) or \$2,500, whichever is less.
  3. The insurer shall reimburse the policyholder for the costs if the insurer's engineer or geologist provides written

certification pursuant to [s. 627.7073](#) that there is sinkhole loss.

(5) If a sinkhole loss is verified, the insurer shall pay to stabilize the land and building and repair the foundation in accordance with the recommendations of the professional engineer retained pursuant to subsection (2), with notice to the policyholder, subject to the coverage and terms of the policy. The insurer shall pay for other repairs to the structure and contents in accordance with the terms of the policy. If a covered building suffers a sinkhole loss or a catastrophic ground cover collapse, the insured must repair such damage or loss in accordance with the insurer's professional engineer's recommended repairs. However, if the insurer's professional engineer determines that the repair cannot be completed within policy limits, the insurer must pay to complete the repairs recommended by the insurer's professional engineer or tender the policy limits to the policyholder.

(a) The insurer may limit its total claims payment to the actual cash value of the sinkhole loss, which does not include underpinning or grouting or any other repair technique performed below the existing foundation of the building, until the policyholder enters into a contract for the performance of building stabilization or foundation repairs in accordance with the recommendations set forth in the insurer's report issued pursuant to [s. 627.7073](#).

(b) In order to prevent additional damage to the building or structure, the policyholder must enter into a contract for the performance of building stabilization and foundation repairs within 90 days after the insurance company confirms coverage for the sinkhole loss and notifies the policyholder of such confirmation. This time period is tolled if either party invokes the neutral evaluation process, and begins again 10 days after the conclusion of the neutral evaluation process.

(c) After the policyholder enters into the contract for the performance of building stabilization and foundation repairs, the insurer shall pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred. The insurer may not require the policyholder to advance payment for such repairs. If repair covered by a personal lines residential property insurance policy has begun and the professional engineer selected or approved by the insurer determines that the repair cannot be completed within the policy limits, the insurer must complete the professional engineer's recommended repair or tender the policy limits to the policyholder without a reduction for the repair expenses incurred.

(d) The stabilization and all other repairs to the structure and contents must be completed within 12 months after entering into the contract for repairs described in paragraph (b) unless:

1. There is a mutual agreement between the insurer and the policyholder;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

(e) Upon the insurer's obtaining the written approval of any lienholder, the insurer may make payment directly to the persons selected by the policyholder to perform the land and building stabilization and foundation repairs. The decision by the insurer to make payment to such persons does not hold the insurer liable for the work performed. The policyholder may not accept a rebate from any person performing the repairs specified in this section. If a policyholder does receive a rebate, coverage is void and the policyholder must refund the amount of the rebate to the insurer. Any person making the repairs specified in this section who offers a rebate commits insurance fraud punishable as a third degree felony as provided in [s. 775.082](#), [s. 775.083](#), or [s. 775.084](#).

(6) If the insurer obtains, pursuant to [s. 627.7073](#), written certification that there is no sinkhole loss or that the cause

of the damage was not sinkhole activity, and if the policyholder has submitted the sinkhole claim without good faith grounds for submitting such claim, the policyholder shall reimburse the insurer for 50 percent of the actual costs of the analyses and services provided under [ss. 627.7072](#) and [627.7073](#); however, a policyholder is not required to reimburse an insurer more than \$2,500 with respect to any claim. A policyholder is required to pay reimbursement under this subsection only if the policyholder requested the analysis and services provided under [ss. 627.7072](#) and [627.7073](#) and the insurer, before ordering the analysis under [s. 627.7072](#), informs the policyholder in writing of the policyholder's potential liability for reimbursement and gives the policyholder the opportunity to withdraw the claim.

(7) An insurer may not nonrenew any policy of property insurance on the basis of filing of claims for sinkhole loss if the total of such payments does not equal or exceed the policy limits of coverage for the policy in effect on the date of loss, for property damage to the covered building, as set forth on the declarations page, or if the policyholder repaired the structure in accordance with the engineering recommendations made pursuant to subsection (2) upon which any payment or policy proceeds were based. If the insurer pays such limits, it may nonrenew the policy.

(8) The insurer may engage a professional structural engineer to make recommendations as to the repair of the structure.

#### CREDIT(S)

[Laws 1992, c. 92-146, § 1](#); [Laws 1993, c. 93-401, § 4](#). Amended by [Laws 2005, c. 2005-111, § 19, eff. June 1, 2005](#); [Laws 2006, c. 2006-12, § 26, eff. May 16, 2006](#); [Laws 2011, c. 2011-39, § 25, eff. May 17, 2011](#).

#### HISTORICAL AND STATUTORY NOTES

##### Amendment Notes:

Laws 1992, c. 92-146, § 2, provides:

“From the effective date of this act [April 8, 1992] and through July 1, 1993, no insurer shall nonrenew any policy of property insurance on the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage as long as the total of such payments does not exceed the current policy limits of coverage for property damage, and provided the insured has repaired the structure in accordance with the engineering recommendations upon which any payment or policy proceeds was based.”

#### LIBRARY REFERENCES

[Insurance](#)  [1897](#), [3146](#), [3172](#), [3179](#).

Westlaw Topic No. [217](#).

[C.J.S. Insurance §§ 553](#) to [554](#), [1757](#), [1809](#), [1821](#) to [1822](#), [1859](#), [1865](#), [1867](#) to [1869](#), [2205](#), [2347](#).

#### RESEARCH REFERENCES

##### Encyclopedias

Applicability of Insurance Code to Title Insurers and Title Insurance, [FL Jur. 2d Abstracts & Title Insurance § 13](#).

Nonrenewal on Basis of Claims for Sinkhole Damage or Clay Shrinkage, [FL Jur. 2d Insurance § 1884](#).

Water; Floods--Sinkholes, [FL Jur. 2d Insurance § 2425](#).

Inspection, [FL Jur. 2d Insurance § 3095](#).

Certification, [FL Jur. 2d Insurance § 3096](#).

Treatises and Practice Aids

[17 Florida Practice Series § 14:6](#), Appraisal of Homeowners Insurance Claims.

[17 Florida Practice Series § 16:3](#), Requirements for Coverage.

West's F. S. A. § 627.707, FL ST § 627.707

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