

1 A bill to be entitled
2 An act relating to warranty associations; amending s.
3 628.4615, F.S., relating to specialty insurers; conforming
4 a cross-reference; amending s. 634.011, F.S.; revising the
5 definition of the term "motor vehicle service agreement";
6 amending s. 634.031, F.S.; providing penalties for certain
7 licensure violations; amending s. 634.041, F.S., relating
8 to qualifications for licensure; conforming cross-
9 references; amending s. 634.095, F.S.; prohibiting service
10 agreement companies from issuing certain deceptive
11 advertisements, operating without a subsisting license, or
12 remitting premiums to a person other than the obligated
13 service agreement company; amending s. 634.121, F.S.;
14 deleting a requirement that certain service agreement
15 forms be approved by the Office of Insurance Regulation of
16 the Financial Services Commission; amending s. 634.1213,
17 F.S.; authorizing the office to order a service agreement
18 company to stop using forms that do not comply with
19 specified requirements; amending s. 634.137, F.S.;
20 deleting a schedule for the submissions of certain
21 reports; amending s. 634.141, F.S.; providing guidelines
22 for the office to use in determining whether to examine a
23 company; amending s. 634.1815, F.S.; requiring certain
24 rebates to be approved by the company issuing a service
25 agreement; amending s. 634.282, F.S.; clarifying
26 provisions relating to the refund of excess premiums or
27 charges; requiring that a consumer receive a sample copy
28 of the service agreement prior to the sale of a service

29 agreement; amending s. 634.301, F.S.; revising certain
30 definitions relating home warranties; amending s. 634.303,
31 F.S.; providing that it is a first-degree misdemeanor for
32 a person without a subsisting license to provide or offer
33 to provide home warranties; amending s. 634.308, F.S.;
34 providing an exception to certain grounds for licensure
35 suspension or revocation; amending s. 634.312, F.S.;
36 deleting a requirement that certain home warranty
37 agreement forms be approved by the office; amending s.
38 634.3123, F.S.; authorizing the office to order a home
39 warranty association to stop using forms that do not
40 comply with specified requirements; amending s. 634.314,
41 F.S.; providing guidelines for the office to use in
42 determining whether to examine an association; amending s.
43 634.3205, F.S.; requiring certain rebates to be approved
44 by the association issuing a service agreement; amending
45 s. 634.336, F.S.; requiring that a consumer receive a
46 sample copy of the service agreement prior to the sale of
47 a service agreement; amending s. 634.344, F.S.;
48 prohibiting certain coercive actions relating to the sale
49 of a home warranty in connection with the lending of
50 money; amending s. 634.401, F.S.; redefining the term
51 "indemnify"; amending s. 634.403, F.S.; providing that it
52 is a first-degree misdemeanor for a person without a
53 subsisting license to provide or offer to provide service
54 warranties; amending s. 634.406, F.S., relating to
55 financial requirements; conforming a cross-reference;
56 amending s. 634.414, F.S.; deleting a requirement that

HB 1379

2010

57 | certain service warranty forms be approved by the office;
58 | deleting certain requirements relating to the display of
59 | the issuing association's name on literature; amending s.
60 | 634.4145, F.S.; authorizing the office to order a service
61 | warranty association to stop using forms that do not
62 | comply with specified requirements; amending s. 634.415,
63 | F.S.; deleting a requirement that associations file
64 | certain quarterly statements and special reports; amending
65 | s. 634.416, F.S.; providing guidelines for the office to
66 | use in determining whether to examine an service warranty
67 | association; amending s. 634.4225, F.S.; requiring certain
68 | rebates to be approved by the association issuing a
69 | service warranty; amending s. 634.436, F.S.; requiring
70 | that a consumer receive a sample copy of the service
71 | agreement prior to the sale of a service agreement;
72 | amending s. 634.136, F.S.; deleting certain provisions
73 | requiring records to be maintained by motor vehicle
74 | service contract companies; amending s. 634.313, F.S.;
75 | deleting certain requirements for reports relating to
76 | taxes on premiums; repealing s. 634.1216, F.S., relating
77 | to required rate filings; repealing s. 634.3126, F.S.,
78 | relating to required rate filings; providing an effective
79 | date.

80 |
81 | Be It Enacted by the Legislature of the State of Florida:

82 |
83 | Section 1. Paragraph (b) of subsection (1) of section
84 | 628.4615, Florida Statutes, is amended to read:

85 628.4615 Specialty insurers; acquisition of controlling
 86 stock, ownership interest, assets, or control; merger or
 87 consolidation.—

88 (1) For the purposes of this section, the term "specialty
 89 insurer" means any person holding a license or certificate of
 90 authority as:

91 (b) A home warranty association authorized to issue "home
 92 warranties" as those terms are defined in s. 634.301~~(3) and (4)~~;

93 Section 2. Subsection (8) of section 634.011, Florida
 94 Statutes, is amended to read:

95 634.011 Definitions.—As used in this part, the term:

96 (8) "Motor vehicle service agreement" or "service
 97 agreement" means any contract or agreement indemnifying the
 98 service agreement holder for the motor vehicle listed on the
 99 service agreement and arising out of the ownership, operation,
 100 and use of the motor vehicle against loss caused by failure of
 101 any mechanical or other component part, or any mechanical or
 102 other component part that does not function as it was originally
 103 intended; however, nothing in this part shall prohibit or affect
 104 the giving, free of charge, of the usual performance guarantees
 105 by manufacturers or dealers in connection with the sale of motor
 106 vehicles. Transactions exempt under s. 624.125 are expressly
 107 excluded from this definition and are exempt from the provisions
 108 of this part. Service agreements that are sold to persons other
 109 than consumers are excluded from this definition and are exempt
 110 from regulation under the Florida Insurance Code. The term
 111 "motor vehicle service agreement" includes any contract or
 112 agreement that provides:

113 (a) For the coverage or protection defined in this
 114 subsection and which is issued or provided in conjunction with
 115 an additive product applied to the motor vehicle that is the
 116 subject of such contract or agreement;

117 (b) For payment of vehicle protection expenses.

118 1.a. "Vehicle protection expenses" means a preestablished
 119 flat amount payable for the loss of or damage to a vehicle or
 120 expenses incurred by the service agreement holder for loss or
 121 damage to a covered vehicle, including, but not limited to,
 122 applicable deductibles under a motor vehicle insurance policy;
 123 temporary vehicle rental expenses; expenses for a replacement
 124 vehicle that is at least the same year, make, and model of the
 125 stolen motor vehicle; sales taxes or registration fees for a
 126 replacement vehicle that is at least the same year, make, and
 127 model of the stolen vehicle; or other incidental expenses
 128 specified in the agreement.

129 b. "Vehicle protection product" means a product or system
 130 installed or applied to a motor vehicle or designed to prevent
 131 the theft of the motor vehicle or assist in the recovery of the
 132 stolen motor vehicle.

133 2. Vehicle protection expenses shall be payable in the
 134 event of loss or damage to the vehicle as a result of the
 135 failure of the vehicle protection product to prevent the theft
 136 of the motor vehicle or to assist in the recovery of the stolen
 137 motor vehicle. Vehicle protection expenses covered under the
 138 agreement shall be clearly stated in the service agreement form,
 139 unless the agreement provides for the payment of a
 140 preestablished flat amount, in which case the service agreement

141 form shall clearly identify such amount.

142 3. Motor vehicle service agreements providing for the
 143 payment of vehicle protection expenses shall either:

144 a. Reimburse a service agreement holder for the following
 145 expenses, at a minimum: deductibles applicable to comprehensive
 146 coverage under the service agreement holder's motor vehicle
 147 insurance policy; temporary vehicle rental expenses; sales taxes
 148 and registration fees on a replacement vehicle that is at least
 149 the same year, make, and model of the stolen motor vehicle; and
 150 the difference between the benefits paid to the service
 151 agreement holder for the stolen vehicle under the service
 152 agreement holder's comprehensive coverage and the actual cost of
 153 a replacement vehicle that is at least the same year, make, and
 154 model of the stolen motor vehicle; or

155 b. Pay a preestablished flat amount to the service
 156 agreement holder.

157
 158 Payments shall not duplicate any benefits or expenses paid to
 159 the service agreement holder by the insurer providing
 160 comprehensive coverage under a motor vehicle insurance policy
 161 covering the stolen motor vehicle; however, the payment of
 162 vehicle protection expenses at a preestablished flat amount of
 163 \$5,000 or less does not duplicate any benefits or expenses
 164 payable under any comprehensive motor vehicle insurance policy;
 165 or

166 (c)1. For the payment for paintless dent-removal services
 167 provided by a company whose primary business is providing such
 168 services.

HB 1379

2010

169 2. "Paintless dent-removal" means the process of removing
 170 dents, dings, and creases, including hail damage, from a vehicle
 171 without affecting the existing paint finish, but does not
 172 include services that involve the replacement of vehicle body
 173 panels or sanding, bonding, or painting.

174 Section 3. Subsection (7) is added to section 634.031,
 175 Florida Statutes, to read:

176 634.031 License required.—

177 (7) Any person who violates this section commits, in
 178 addition to any other violation, a misdemeanor of the first
 179 degree, punishable as provided in s. 775.082 or s. 775.083.

180 Section 4. Paragraph (b) of subsection (8) and paragraph
 181 (b) of subsection (11) of section 634.041, Florida Statutes, are
 182 amended to read:

183 634.041 Qualifications for license.—To qualify for and
 184 hold a license to issue service agreements in this state, a
 185 service agreement company must be in compliance with this part,
 186 with applicable rules of the commission, with related sections
 187 of the Florida Insurance Code, and with its charter powers and
 188 must comply with the following:

189 (8)

190 (b) A service agreement company does not have to establish
 191 and maintain an unearned premium reserve if it purchases and
 192 maintains contractual liability insurance in accordance with the
 193 following:

194 1. The insurance covers 100 percent of its claim exposure
 195 and is obtained from an insurer approved by the office which
 196 holds a certificate of authority to do business within this

197 state.

198 2. If the service agreement company does not meet its
 199 contractual obligations, the contractual liability insurance
 200 policy binds its issuer to pay or cause to be paid to the
 201 service agreement holder all legitimate claims and cancellation
 202 refunds for all service agreements issued by the service
 203 agreement company while the policy was in effect. This
 204 requirement also applies to those service agreements for which
 205 no premium has been remitted to the insurer.

206 3. If the issuer of the contractual liability policy is
 207 fulfilling the service agreements covered by the contractual
 208 liability policy and the service agreement holder cancels the
 209 service agreement, the issuer must make a full refund of
 210 unearned premium to the consumer, subject to the cancellation
 211 fee provisions of s. 634.121(3)~~(5)~~. The sales representative and
 212 agent must refund to the contractual liability policy issuer
 213 their unearned pro rata commission.

214 4. The policy may not be canceled, terminated, or
 215 nonrenewed by the insurer or the service agreement company
 216 unless a 90-day written notice thereof has been given to the
 217 office by the insurer before the date of the cancellation,
 218 termination, or nonrenewal.

219 5. The service agreement company must provide the office
 220 with the claims statistics.

221
 222 All funds or premiums remitted to an insurer by a motor vehicle
 223 service agreement company under this part shall remain in the
 224 care, custody, and control of the insurer and shall be counted

225 as an asset of the insurer; provided, however, this requirement
 226 does not apply when the insurer and the motor vehicle service
 227 agreement company are affiliated companies and members of an
 228 insurance holding company system. If the motor vehicle service
 229 agreement company chooses to comply with this paragraph but also
 230 maintains a reserve to pay claims, such reserve shall only be
 231 considered an asset of the covered motor vehicle service
 232 agreement company and may not be simultaneously counted as an
 233 asset of any other entity.

234 (11)

235 (b) Notwithstanding any other requirement of this part, a
 236 service agreement company maintaining an unearned premium
 237 reserve on all service agreements in accordance with paragraph
 238 (8) (a) may offer service agreements providing vehicle protection
 239 expenses if it maintains contractual liability insurance only on
 240 all service agreements providing vehicle protection expenses and
 241 continues to maintain the 50-percent reserve for all service
 242 agreements not providing vehicle protection expenses. A service
 243 agreement company maintaining contractual liability insurance
 244 for all service agreements providing vehicle protection expenses
 245 and the 50-percent reserve for all other service agreements
 246 must, in the service agreement register as required under s.
 247 634.136 (2) ~~(4)~~, distinguish between insured service agreements
 248 providing vehicle protection expenses and service agreements not
 249 providing vehicle protection expenses.

250 Section 5. Paragraph (d) is added to subsection (3) of
 251 section 634.095, Florida Statutes, and subsection (7) is added
 252 to that section, to read:

253 634.095 Prohibited acts.—Any service agreement company or
 254 salesperson that engages in one or more of the following acts
 255 is, in addition to any applicable denial, suspension,
 256 revocation, or refusal to renew or continue any appointment or
 257 license, guilty of a misdemeanor of the second degree,
 258 punishable as provided in s. 775.082 or s. 775.083:

259 (3) Issuing or causing to be issued any advertisement
 260 which:

261 (d) Is false, deceptive, or misleading with respect to:

262 1. The service agreement company's affiliation with a
 263 motor vehicle manufacturer;

264 2. The service agreement company's possession of
 265 information regarding a motor vehicle owner's current motor
 266 vehicle manufacturer's original equipment warranty;

267 3. The expiration of a motor vehicle owner's current motor
 268 vehicle manufacturer's original equipment warranty; or

269 4. Any requirement that the motor vehicle owner register
 270 for a new motor vehicle service agreement with the company in
 271 order to maintain coverage under the current motor vehicle
 272 service agreement or manufacturer's original equipment warranty.

273 (7) Remitting premiums received on motor vehicle service
 274 agreements sold to any person other than the licensed service
 275 agreement company that is obligated to perform under such
 276 agreement, if the agreement between such company and the
 277 salesperson requires that premiums be submitted directly to the
 278 service agreement company.

279 Section 6. Section 634.121, Florida Statutes, is amended
 280 to read:

281 634.121 ~~Filing of Forms, required procedures, provisions.-~~

282 ~~(1) A service agreement form or related form may not be~~
 283 ~~issued or used in this state unless it has been filed with and~~
 284 ~~approved by the office. Upon application for a license, the~~
 285 ~~office shall require the applicant to submit for approval each~~
 286 ~~brochure, pamphlet, circular, form letter, advertisement, or~~
 287 ~~other sales literature or advertising communication addressed or~~
 288 ~~intended for distribution. The office shall disapprove any~~
 289 ~~document which is untrue, deceptive, or misleading or which~~
 290 ~~contains misrepresentations or omissions of material facts.~~

291 ~~(a) After an application has been approved, a licensee is~~
 292 ~~not required to submit brochures or advertisement to the office~~
 293 ~~for approval; however, a licensee may not have published, and a~~
 294 ~~person may not publish, any brochure or advertisement which is~~
 295 ~~untrue, deceptive, or misleading or which contains~~
 296 ~~misrepresentations or omissions of material fact.~~

297 ~~(b) For purposes of this section, brochures and~~
 298 ~~advertising includes, but is not limited to, any report,~~
 299 ~~circular, public announcement, certificate, or other printed~~
 300 ~~matter or advertising material which is designed or used to~~
 301 ~~solicit or induce any persons to enter into any motor vehicle~~
 302 ~~service agreement.~~

303 ~~(c) The office shall disapprove any service agreement form~~
 304 ~~providing vehicle protection expenses which does not clearly~~
 305 ~~indicate either the method for calculating the benefit to be~~
 306 ~~paid or provided to the service agreement holder or the~~
 307 ~~preestablished flat amount payable pursuant to the terms of the~~
 308 ~~service agreement. All service agreement forms providing vehicle~~

HB 1379

2010

309 ~~protection expenses shall clearly indicate the term of the~~
310 ~~service agreement, whether new or used cars are eligible for the~~
311 ~~vehicle protection product, and that the service agreement~~
312 ~~holder may not make any claim against the Florida Insurance~~
313 ~~Guarantee Association for vehicle protection expenses. The~~
314 ~~service agreement shall be provided to a service agreement~~
315 ~~holder on a form that provides only vehicle protection expenses.~~
316 ~~A service agreement form providing vehicle protection expenses~~
317 ~~must state that the service agreement holder must have in force~~
318 ~~at the time of loss comprehensive motor vehicle insurance~~
319 ~~coverage as a condition precedent to requesting payment of~~
320 ~~vehicle protection expenses.~~

321 ~~(2) Every filing required under this section must be made~~
322 ~~not less than 30 days in advance of issuance or use. At the~~
323 ~~expiration of 30 days from the date of filing, a form so filed~~
324 ~~becomes approved unless prior thereto it has been affirmatively~~
325 ~~disapproved by written notice of the office. The office may~~
326 ~~extend by not more than an additional 15 days the period within~~
327 ~~which it may affirmatively approve or disapprove any form by~~
328 ~~giving notice of extension before the expiration of the initial~~
329 ~~30-day period. At the expiration of any period as so extended~~
330 ~~and in the absence of prior affirmative disapproval, the form~~
331 ~~becomes approved.~~

332 (1)~~(3)~~ Before the sale of any service agreement, written
333 notice must be given to the prospective purchaser by the service
334 agreement company or its agent or salesperson, ~~on an office-~~
335 ~~approved form,~~ that purchase of the service agreement is not
336 required in order to purchase or obtain financing for a motor

HB 1379

2010

337 vehicle.

338 (2)~~(4)~~ All motor vehicle service agreements are assignable
339 in a consumer transaction and must contain a statement in
340 conspicuous, boldfaced type, informing the purchaser of the
341 service agreement of her or his right to assign it to a
342 subsequent retail purchaser of the motor vehicle covered by the
343 service agreement and all conditions on such right of transfer.
344 The assignment must occur within a period of time specified in
345 the agreement, which period may not expire earlier than 15 days
346 after the date of the sale or transfer of the motor vehicle. The
347 service agreement company may charge an assignment fee not to
348 exceed \$40.

349 (3)~~(5)~~ (a) Each service agreement must contain a
350 cancellation provision. Any service agreement is cancelable by
351 the purchaser within 60 days after purchase. The refund must be
352 100 percent of the gross premium paid, less any claims paid on
353 the agreement. A reasonable administrative fee may be charged
354 not to exceed 5 percent of the gross premium paid by the
355 agreement holder.

356 (b) After the service agreement has been in effect for 60
357 days, it may not be canceled by the insurer or service agreement
358 company unless:

359 1. There has been a material misrepresentation or fraud at
360 the time of sale of the service agreement;

361 2. The agreement holder has failed to maintain the motor
362 vehicle as prescribed by the manufacturer;

363 3. The odometer has been tampered with or disabled and the
364 agreement holder has failed to repair the odometer; or

HB 1379

2010

365 4. For nonpayment of premium by the agreement holder, in
366 which case the service agreement company shall provide the
367 agreement holder notice of cancellation by certified mail.
368

369 If the service agreement is canceled by the insurer or service
370 agreement company, the return of premium must not be less than
371 100 percent of the paid unearned pro rata premium, less any
372 claims paid on the agreement. If, after 60 days, the service
373 agreement is canceled by the service agreement holder, the
374 insurer or service agreement company shall return directly to
375 the agreement holder not less than 90 percent of the unearned
376 pro rata premium, less any claims paid on the agreement. The
377 service agreement company remains responsible for full refunds
378 to the consumer on canceled service agreements. However, the
379 salesperson and agent are responsible for the refund of the
380 unearned pro rata commission. A service agreement company may
381 effectuate refunds through the issuing salesperson or agent.

382 (4)~~(6)~~ If the service agreement is canceled, pursuant to
383 an order of liquidation, the salesperson or agent is responsible
384 for refunding, and must refund, to the receiver the unearned pro
385 rata commission.

386 (5)~~(7)~~ If a service agreement company violates any lawful
387 order of the office or fails to meet its contractual obligations
388 under this part, upon notice from the office, the sales
389 representative or agent must refund to the service agreement
390 holder the unearned pro rata commission, unless the sales
391 representative or agent has made other arrangements,
392 satisfactory to the office, with the service agreement holder.

393 ~~(6)-(8)~~ Each service agreement, which includes a copy of
 394 the application form, must be mailed or delivered to the
 395 agreement holder within 45 days after the date of purchase.

396 ~~(7)-(9)~~ Each service agreement form must contain in
 397 conspicuous, boldfaced type any statement or clause that places
 398 restrictions or limitations on the benefits offered or disclose
 399 such restrictions or limitations in regular type in a section of
 400 the service agreement containing a conspicuous, boldfaced type
 401 heading.

402 ~~(8)-(10)~~ If an insurer or service agreement company intends
 403 to use or require the use of remanufactured or used replacement
 404 parts, each service agreement form as well as all service
 405 agreement brochures must contain in conspicuous, boldfaced type
 406 a statement to that effect.

407 ~~(9)-(11)~~ Each service agreement form as well as all service
 408 agreement company sales brochures must clearly identify the
 409 name, address, and Florida license number of the licensed
 410 insurer or service agreement company.

411 ~~(10)-(12)~~ If a service agreement contains a rental car
 412 provision, it must disclose the terms and conditions of this
 413 benefit in conspicuous, boldfaced type or disclose such
 414 restrictions or limitations in regular type in a section of the
 415 service agreement containing a conspicuous, boldfaced type
 416 heading.

417 Section 7. Section 634.1213, Florida Statutes, is amended
 418 to read:

419 634.1213 Noncompliant forms ~~Grounds for disapproval.~~—The
 420 office may order a service agreement company to stop using

421 ~~disapprove any service agreement form that or service agreement~~
 422 ~~company sales brochures filed under s. 634.121, or withdraw any~~
 423 ~~previous approval thereof, if the form or brochure:~~

424 (1) Is in any respect in violation of or does not comply
 425 with this part, any applicable provision of the Florida
 426 Insurance Code, or any applicable rule of the office ~~commission~~.

427 (2) Contains or incorporates by reference when such
 428 incorporation is otherwise permissible, any inconsistent,
 429 ambiguous, or misleading clauses, or exceptions and conditions
 430 which deceptively affect the risk purported to be assumed in the
 431 general coverage of the service agreement.

432 (3) Has any title, heading, or other indication of its
 433 provisions which is misleading.

434 (4) Is printed or otherwise reproduced in such manner as
 435 to render any material provision of the form substantially
 436 illegible.

437 (5) Contains any provision which is unfair or inequitable
 438 or which encourages misrepresentation.

439 (6) Contains any provision which makes it difficult to
 440 determine the actual insurer or service agreement company
 441 issuing the form.

442 (7) Contains any provision for reducing claim payments due
 443 to depreciation of parts, except for marine engines.

444 Section 8. Subsection (1) of section 634.137, Florida
 445 Statutes, is amended to read:

446 634.137 Financial and statistical reporting requirements.—

447 (1) By March 1 of each year, each service agreement
 448 company shall submit to the office annual financial reports on

HB 1379

2010

449 forms prescribed by the commission and furnished by the office
450 as ~~follows:~~

451 ~~(a) Reports for a period ending December 31 are due by~~
452 ~~March 1.~~

453 ~~(b) Reports for a period ending March 31 are due by May~~
454 ~~15.~~

455 ~~(c) Reports for a period ending June 30 are due by August~~
456 ~~15.~~

457 ~~(d) Reports for a period ending September 30 are due by~~
458 ~~November 15.~~

459 Section 9. Section 634.141, Florida Statutes, is amended
460 to read:

461 634.141 Examination of companies.—

462 (1) Motor vehicle service agreement companies licensed
463 under this part may ~~shall~~ be subject to periodic examination by
464 the office in the same manner and subject to the same terms and
465 conditions as applies to insurers under part II of chapter 624.
466 The commission may by rule establish provisions whereby a
467 company may be exempted from examination.

468 (2) The office shall determine whether to conduct an
469 examination of a company by considering:

470 (a) The amount of time that the company has been
471 continuously licensed and operating under the same management
472 and control.

473 (b) The company's history of compliance with applicable
474 law.

475 (c) The number of consumer complaints against the company.

476 (d) The financial condition of the company, demonstrated

477 by the financial reports submitted pursuant to s. 634.137.

478 Section 10. Paragraph (b) of subsection (1) of section
479 634.1815, Florida Statutes, is amended to read:

480 634.1815 Rebating; when allowed.—

481 (1) No salesperson shall rebate any portion of his or her
482 commission except as follows:

483 (b) The rebate shall be in accordance with a rebating
484 schedule filed with and approved by the ~~salesperson with the~~
485 service agreement company issuing the service agreement to which
486 the rebate applies. The service agreement company shall maintain
487 a copy of all rebating schedules for a period of 3 years.

488 Section 11. Subsection (13) of section 634.282, Florida
489 Statutes, is amended, and subsection (17) is added to that
490 section, to read:

491 634.282 Unfair methods of competition and unfair or
492 deceptive acts or practices defined.—The following methods,
493 acts, or practices are defined as unfair methods of competition
494 and unfair or deceptive acts or practices:

495 (13) ILLEGAL DEALINGS IN PREMIUMS; EXCESS OR REDUCED
496 CHARGES FOR MOTOR VEHICLE SERVICE AGREEMENTS.—

497 (a) Knowingly collecting any sum as a premium or charge
498 for a motor vehicle service agreement, which is not then
499 provided, or is not in due course to be provided, subject to
500 acceptance of the risk by a service agreement company or an
501 insurer, by a motor vehicle service agreement issued by a
502 service agreement company or an insurer as permitted by this
503 part.

504 (b) Knowingly collecting as a premium or charge for a

505 motor vehicle service agreement any sum in excess of or less
 506 than the premium or charge applicable to such motor vehicle
 507 service agreement, ~~in accordance with the applicable~~
 508 ~~classifications and rates as filed with the office,~~ and as
 509 specified in the motor vehicle service agreement. However, there
 510 is no violation of this subsection if excess premiums or charges
 511 are refunded to the service agreement holder within 45 days
 512 after receipt of the agreement by the service agreement company
 513 or if the licensed sales representative's commission is reduced
 514 by the amount of any premium undercharge.

515 (17) FAILURE TO PROVIDE TERMS AND CONDITIONS PRIOR TO
 516 SALE.—Failing to provide a consumer with a complete sample copy
 517 of the terms and conditions of the service agreement prior to
 518 the time of sale upon a request for the same by the consumer. A
 519 service agreement company may comply with this subsection by
 520 providing the consumer with a sample copy of the terms and
 521 conditions of the service agreement or by directing the consumer
 522 to a website that displays a complete sample of the terms and
 523 conditions of the service agreement.

524
 525 No provision of this section shall be deemed to prohibit a
 526 service agreement company or a licensed insurer from giving to
 527 service agreement holders, prospective service agreement
 528 holders, and others for the purpose of advertising, any article
 529 of merchandise having a value of not more than \$25.

530 Section 12. Section 634.301, Florida Statutes, as amended
 531 by section 1 of chapter 2007-235, Laws of Florida, is amended to
 532 read:

HB 1379

2010

533 634.301 Definitions.—As used in this part, the term:

534 (1) "Gross written premiums" means the total amount of
535 premiums, paid for the entire period of the home warranty,
536 inclusive of commissions, for which the association is obligated
537 under home warranties issued.

538 ~~(2) "Home improvement" means major remodeling, enclosure~~
539 ~~of a garage, addition of a room, addition of a pool, and other~~
540 ~~like items that add value to the residential property. The term~~
541 ~~does not include normal maintenance for items such as painting,~~
542 ~~reroofing, and other like items subject to normal wear and tear.~~

543 (2) ~~(3)~~ "Home warranty" or "warranty" means any contract or
544 agreement;

545 ~~(a) Offered in connection with the sale of residential~~
546 ~~property;~~

547 ~~(b) Offered in connection with a loan of \$5,000 or more~~
548 ~~which is secured by residential property that is the subject of~~
549 ~~the warranty, but not in connection with the sale of such~~
550 ~~property;~~

551 ~~(c) Offered in connection with a home improvement of~~
552 ~~\$7,500 or more for residential property that is the subject of~~
553 ~~the warranty, but not in connection with the sale of such~~
554 ~~property; or~~

555 ~~(d) Offered in connection with a home inspection service~~
556 ~~as defined under s. 468.8311(4) or a mold assessment as defined~~
557 ~~under s. 468.8411(3);~~

558
559 whereby a person undertakes to indemnify the warranty holder
560 against the cost of repair or replacement, or actually furnishes

HB 1379

2010

561 repair or replacement, of any structural component or appliance
562 of a home, necessitated by wear and tear or an inherent defect
563 of any such structural component or appliance or necessitated by
564 the failure of an inspection to detect the likelihood of any
565 such loss. However, this part does not prohibit the giving of
566 usual performance guarantees by either the builder of a home or
567 the manufacturer or seller of an appliance, as long as no
568 identifiable charge is made for such guarantee. This part does
569 not permit the provision of indemnification against
570 consequential damages arising from the failure of any structural
571 component or appliance of a home, which practice constitutes the
572 transaction of insurance subject to all requirements of the
573 insurance code. This part does not apply to service contracts
574 entered into between consumers and nonprofit organizations or
575 cooperatives the members of which consist of condominium
576 associations and condominium owners and which perform repairs
577 and maintenance for appliances or maintenance of the residential
578 property. This part does not apply to a contract or agreement
579 offered ~~in connection with a sale of residential property~~ by a
580 warranty association in compliance with part III, provided such
581 contract or agreement only relates to the systems and appliances
582 of the covered residential property and does not cover any
583 structural component of the residential property.

584 (3)~~(4)~~ "Home warranty association" means any corporation
585 or any other organization, other than an authorized insurer,
586 issuing home warranties.

587 (4)~~(5)~~ "Impaired" means having liabilities in excess of
588 assets.

589 (5)~~(6)~~ "Insolvent" means the inability of a corporation to
 590 pay its debts as they become due in the usual course of its
 591 business.

592 (6)~~(7)~~ "Insurance code" means the Florida Insurance Code.

593 (7)~~(8)~~ "Insurer" means any property or casualty insurer
 594 duly authorized to transact such business in this state.

595 (8)~~(9)~~ "Listing period" means the period of time
 596 residential property is listed for sale with a licensed real
 597 estate broker, beginning on the date the residence is first
 598 listed for sale and ending on either the date the sale of the
 599 residence is closed, the date the residence is taken off the
 600 market, or the date the listing contract with the real estate
 601 broker expires.

602 (9)~~(10)~~ "Net assets" means the amount by which the total
 603 statutory assets of an association exceed the total liabilities
 604 of the association.

605 (10)~~(11)~~ "Person" includes an individual, company,
 606 corporation, association, insurer, agent, and every other legal
 607 entity.

608 (11)~~(12)~~ "Premium" means the total consideration received,
 609 or to be received, by an insurer or home warranty association
 610 for or related to the issuance and delivery of any binder or
 611 warranty, including any charges designated as assessments or
 612 fees for policies, surveys, inspections, or service or any other
 613 charges.

614 (12)~~(13)~~ "Sales representative" means any person with whom
 615 an insurer or home inspection or warranty association has a
 616 contract and who is utilized by such insurer or association for

HB 1379

2010

617 the purpose of selling or issuing home warranties. The term
 618 includes all employees of an insurer or association engaged
 619 directly in the sale or issuance of home warranties.

620 ~~(13)-(14)~~ "Structural component" means the roof, plumbing
 621 system, electrical system, foundation, basement, walls,
 622 ceilings, or floors of a home.

623 Section 13. Subsection (4) is added to section 634.303,
 624 Florida Statutes, to read:

625 634.303 License required.-

626 (4) Any person who provides, offers to provide, or holds
 627 oneself out as providing or offering to provide home warranties
 628 in this state or from this state without holding a subsisting
 629 license commits, in addition to any other violation, a
 630 misdemeanor of the first degree, punishable as provided in s.
 631 775.082 or s. 775.083.

632 Section 14. Paragraph (f) of subsection (2) of section
 633 634.308, Florida Statutes, is amended to read:

634 634.308 Grounds for suspension or revocation of license.-

635 (2) The license of any home warranty association shall be
 636 suspended, revoked, or not renewed if it is determined that such
 637 association:

638 (f) Has issued warranty contracts which renewal contracts
 639 provide that the cost of renewal exceeds the then-current cost
 640 for new warranty contracts, unless the increase is supported by
 641 the claims history or claims cost data, or impose a fee for
 642 inspection of the premises.

643 Section 15. Section 634.312, Florida Statutes, is amended
 644 to read:

HB 1379

2010

645 634.312 Forms; required provisions and procedures ~~Filing,~~
646 approval of forms.-

647 ~~(1) No warranty form or related form shall be issued or~~
648 ~~used in this state unless it has been filed with and approved by~~
649 ~~the office. Also upon application for a license, the office~~
650 ~~shall require the applicant to submit for approval each~~
651 ~~brochure, pamphlet, circular, form letter, advertisement, or~~
652 ~~other sales literature or advertising communication addressed or~~
653 ~~intended for distribution. Approval of the application~~
654 ~~constitutes approval of such documents, unless the applicant has~~
655 ~~consented otherwise in writing. The office shall disapprove any~~
656 ~~document which is untrue, deceptive, or misleading or which~~
657 ~~contains misrepresentations or omissions of material facts.~~

658 ~~(a) After an application has been approved, a licensee is~~
659 ~~not required to submit brochures or advertisement to the office~~
660 ~~for approval; however, a licensee may not have published, and a~~
661 ~~person may not publish, any brochure or advertisement which is~~
662 ~~untrue, deceptive, or misleading or which contains~~
663 ~~misrepresentations or omissions of material fact.~~

664 ~~(b) For purposes of this section, brochures and~~
665 ~~advertising includes, but is not limited to, any report,~~
666 ~~circular, public announcement, certificate, or other printed~~
667 ~~matter or advertising material which is designed or used to~~
668 ~~solicit or induce any persons to enter into any home warranty~~
669 ~~agreement.~~

670 ~~(2) Every such filing shall be made not less than 30 days~~
671 ~~in advance of issuance or use. At the expiration of 30 days from~~
672 ~~date of filing, a form so filed shall be deemed approved unless~~

673 ~~prior thereto it has been affirmatively approved or disapproved~~
 674 ~~by written order of the office.~~

675 ~~(3) The office shall not approve any such form that~~
 676 ~~imposes a fee for inspection of the premises.~~

677 (1)~~(4)~~ All home warranty contracts are assignable in a
 678 consumer transaction and must contain a statement informing the
 679 purchaser of the home warranty of her or his right to assign it,
 680 at least within 15 days from the date the home is sold or
 681 transferred, to a subsequent retail purchaser of the home
 682 covered by the home warranty and all conditions on such right of
 683 transfer. The home warranty company may charge an assignment fee
 684 not to exceed \$40. Home warranty assignments include, but are
 685 not limited to, the assignment from a home builder who purchased
 686 the home warranty to a subsequent home purchaser.

687 (2)~~(5)~~ Subject to the insurer's or home warranty
 688 association's requirement as to payment of premium, every home
 689 warranty shall be mailed or delivered to the warranty holder not
 690 later than 45 days after the effectuation of coverage, and the
 691 application is part of the warranty contract document.

692 (3)~~(6)~~ All home warranty contracts must state in
 693 conspicuous, boldfaced type that the home warranty may not
 694 provide listing period coverage free of charge.

695 (4)~~(7)~~ All home warranty contracts must disclose any
 696 exclusions, restrictions, or limitations on the benefits offered
 697 or the coverage provided by the home warranty contract in
 698 boldfaced type, and must contain, in boldfaced type, a statement
 699 on the front page of the contract substantially similar to the
 700 following: "Certain items and events are not covered by this

HB 1379

2010

701 contract. Please refer to the exclusions listed on page of
 702 this document."

703 (5)~~(8)~~ Each home warranty contract shall contain a
 704 cancellation provision. Any home warranty agreement may be
 705 canceled by the purchaser within 10 days after purchase. The
 706 refund must be 100 percent of the gross premium paid, less any
 707 claims paid on the agreement. A reasonable administrative fee
 708 may be charged, not to exceed 5 percent of the gross premium
 709 paid by the warranty agreement holder. After the home warranty
 710 agreement has been in effect for 10 days, if the contract is
 711 canceled by the warranty holder, a return of premium shall be
 712 based upon 90 percent of unearned pro rata premium less any
 713 claims that have been paid. If the contract is canceled by the
 714 association for any reason other than for fraud or
 715 misrepresentation, a return of premium shall be based upon 100
 716 percent of unearned pro rata premium, less any claims paid on
 717 the agreement.

718 Section 16. Section 634.3123, Florida Statutes, is amended
 719 to read:

720 634.3123 Noncompliant Grounds for disapproval of forms.—
 721 The office may order a home warranty association to stop using
 722 any contract shall disapprove any form that filed under s.
 723 ~~634.312 or withdraw any previous approval if the form:~~

- 724 (1) Is in violation of or does not comply with this part.
 725 (2) Contains or incorporates by reference, when such
 726 incorporation is otherwise permissible, any inconsistent,
 727 ambiguous, or misleading clauses or exceptions or conditions
 728 which deceptively affect the risk purported to be assumed in the

729 | general coverage of the contract.

730 | (3) Has any title, heading, or other indication of its
731 | provisions which is misleading.

732 | (4) Is printed or otherwise reproduced in such a manner as
733 | to render any material provision of the form illegible.

734 | (5) Provides that the cost of renewal exceeds the then-
735 | current cost for new warranty contracts, unless the increase is
736 | supported by the claims history or claims cost data, or impose a
737 | fee for inspection of the premises.

738 | Section 17. Section 634.314, Florida Statutes, is amended
739 | to read:

740 | 634.314 Examination of associations.—

741 | (1) Home warranty associations licensed under this part
742 | may ~~shall~~ be subject to periodic examinations by the office, in
743 | the same manner and subject to the same terms and conditions as
744 | apply to insurers under part II of chapter 624 of the insurance
745 | code.

746 | (2) The office shall determine whether to conduct an
747 | examination of a home warranty association by considering:

748 | (a) The amount of time that the association has been
749 | continuously licensed and operating under the same management
750 | and control.

751 | (b) The association's history of compliance with
752 | applicable law.

753 | (c) The number of consumer complaints against the
754 | association.

755 | (d) The financial condition of the association,
756 | demonstrated by the financial reports submitted pursuant to s.

757 634.313.

758 Section 18. Paragraph (b) of subsection (1) of section
759 634.3205, Florida Statutes, is amended to read:

760 634.3205 Rebating; when allowed.—

761 (1) No sales representative shall rebate any portion of
762 his or her commission except as follows:

763 (b) The rebate shall be in accordance with a rebating
764 schedule filed with and approved by the ~~sales representative~~
765 ~~with the~~ home warranty association issuing the home warranty to
766 which the rebate applies. The home warranty association shall
767 maintain a copy of all rebating schedules for a period of 3
768 years.

769 Section 19. Subsection (8) of section 634.336, Florida
770 Statutes, is amended, and subsection (9) is added to that
771 section, to read:

772 634.336 Unfair methods of competition and unfair or
773 deceptive acts or practices defined.—The following methods,
774 acts, or practices are defined as unfair methods of competition
775 and unfair or deceptive acts or practices:

776 (8) COERCION OF DEBTORS.—When a home warranty is sold ~~as~~
777 ~~authorized by s. 634.301(3)(b):~~

778 (a) Requiring, as a condition precedent or condition
779 subsequent to the lending of the money or the extension of the
780 credit or any renewal thereof, that the person to whom such
781 credit is extended purchase a home warranty; or

782 (b) Failing to provide the advice required by s. 634.344.

783 (9) FAILURE TO PROVIDE TERMS AND CONDITIONS PRIOR TO
784 SALE.—Failing to provide a consumer with a complete sample copy

HB 1379

2010

785 of the terms and conditions of the home warranty contract prior
 786 to the time of sale upon a request for the same by the consumer.
 787 A home warranty association may comply with this subsection by
 788 providing the consumer with a sample copy of the terms and
 789 conditions of the home warranty contract or by directing the
 790 consumer to a website that displays a complete sample of the
 791 terms and conditions of the contract.

792 Section 20. Section 634.344, Florida Statutes, is amended
 793 to read:

794 634.344 Coercion of debtor prohibited.—

795 (1) When a home warranty is sold in connection with the
 796 lending of money ~~as authorized by s. 634.301(3)(b), a no~~ person
 797 may not require, as a condition precedent or condition
 798 subsequent to the lending of the money or the extension of the
 799 credit or any renewal thereof, that the person to whom such
 800 money or credit is extended purchase a home warranty.

801 (2) When a home warranty is purchased in connection with
 802 the lending of money ~~as authorized by s. 634.301(3)(b), the~~
 803 insurer or home warranty association or the sales representative
 804 of the insurer or home warranty association shall advise the
 805 borrower or purchaser in writing that Florida law prohibits the
 806 lender from requiring the purchase of a home warranty as a
 807 condition precedent or condition subsequent to the making of the
 808 loan.

809 Section 21. Subsection (5) of section 634.401, Florida
 810 Statutes, is amended to read:

811 634.401 Definitions.—As used in this part, the term:

812 (5) "Indemnify" means to undertake repair or replacement

HB 1379

2010

813 of a consumer product, or pay compensation for such repair or
 814 replacement by cash, check, store credit, gift card, or other
 815 similar means, in return for the payment of a segregated
 816 premium, when such consumer product suffers operational failure.

817 Section 22. Subsection (5) is added to section 634.403,
 818 Florida Statutes, to read:

819 634.403 License required.—

820 (5) Any person who provides, offers to provide, or holds
 821 oneself out as providing or offering to provide a service
 822 warranty in this state or from this state without holding a
 823 subsisting license commits, in addition to any other violation,
 824 a misdemeanor of the first degree, punishable as provided in s.
 825 775.082 or s. 775.083.

826 Section 23. Paragraph (e) of subsection (3) of section
 827 634.406, Florida Statutes, is amended to read:

828 634.406 Financial requirements.—

829 (3) An association will not be required to establish an
 830 unearned premium reserve if it has purchased contractual
 831 liability insurance which demonstrates to the satisfaction of
 832 the office that 100 percent of its claim exposure is covered by
 833 such policy. The contractual liability insurance shall be
 834 obtained from an insurer that holds a certificate of authority
 835 to do business within the state. For the purposes of this
 836 subsection, the contractual liability policy shall contain the
 837 following provisions:

838 (e) In the event the issuer of the contractual liability
 839 policy is fulfilling the service warranty covered by policy and
 840 in the event the service warranty holder cancels the service

HB 1379

2010

841 warranty, it is the responsibility of the contractual liability
842 policy issuer to effectuate a full refund of unearned premium to
843 the consumer. This refund shall be subject to the cancellation
844 fee provisions of s. 634.414(3). The salesperson or agent shall
845 refund to the contractual liability policy issuer the unearned
846 pro rata commission.

847 Section 24. Section 634.414, Florida Statutes, is amended
848 to read:

849 634.414 Cancelation provisions required ~~Filing; approval~~
850 ~~of forms.~~

851 ~~(1) No service warranty form or related form shall be~~
852 ~~issued or used in this state unless it has been filed with and~~
853 ~~approved by the office. Upon application for a license, the~~
854 ~~office shall require the applicant to submit for approval each~~
855 ~~brochure, pamphlet, circular, form letter, advertisement, or~~
856 ~~other sales literature or advertising communication addressed or~~
857 ~~intended for distribution. The office shall disapprove any~~
858 ~~document which is untrue, deceptive, or misleading or which~~
859 ~~contains misrepresentations or omissions of material facts.~~

860 ~~(a) After an application has been approved, a licensee is~~
861 ~~not required to submit brochures or advertisement to the office~~
862 ~~for approval; however, a licensee may not have published, and a~~
863 ~~person may not publish, any brochure or advertisement which is~~
864 ~~untrue, deceptive, or misleading or which contains~~
865 ~~misrepresentations or omissions of material fact.~~

866 ~~(b) For purposes of this section, brochures and~~
867 ~~advertising includes, but is not limited to, any report,~~
868 ~~circular, public announcement, certificate, or other printed~~

HB 1379

2010

869 ~~matter or advertising material which is designed or used to~~
 870 ~~solicit or induce any persons to enter into any service warranty~~
 871 ~~agreement.~~

872 ~~(2) Each filing shall be made not less than 30 days in~~
 873 ~~advance of its issuance or use. At the expiration of 30 days~~
 874 ~~from date of filing, a form so filed shall be deemed approved~~
 875 ~~unless prior thereto it has been affirmatively disapproved by~~
 876 ~~written order of the office.~~

877 ~~(3) Each service warranty contract shall contain a~~
 878 ~~cancellation provision. If In the event the contract is canceled~~
 879 ~~by the warranty holder, return of premium shall be based upon no~~
 880 ~~less than 90 percent of unearned pro rata premium less any~~
 881 ~~claims that have been paid or less the cost of repairs made on~~
 882 ~~behalf of the warranty holder. If In the event the contract is~~
 883 ~~canceled by the association, return of premium shall be based~~
 884 ~~upon 100 percent of unearned pro rata premium, less any claims~~
 885 ~~paid or the cost of repairs made on behalf of the warranty~~
 886 ~~holder.~~

887 ~~(4) The name of the service warranty association issuing~~
 888 ~~the contract must be more prominent than any other company name~~
 889 ~~or program name on the service warranty form or sales brochure.~~

890 Section 25. Section 634.4145, Florida Statutes, is amended
 891 to read:

892 634.4145 Noncompliant Grounds for disapproval of forms.—
 893 The office may order a service warranty association to stop
 894 using any contract shall disapprove any form that filed under s.
 895 634.414 if the form:

896 (1) Violates this part;

897 (2) Is misleading in any respect;

898 (3) Is reproduced so that any material provision is
899 substantially illegible; or

900 (4) Contains provisions which are unfair or inequitable or
901 which encourage misrepresentation.

902 Section 26. Section 634.415, Florida Statutes, is amended
903 to read:

904 634.415 Tax on premiums; annual statement; reports;
905 ~~quarterly statements.~~

906 (1) In addition to the license fees provided in this part
907 for service warranty associations and license taxes as provided
908 in the insurance code as to insurers, each such association and
909 insurer shall, annually on or before March 1, file with the
910 office its annual statement, in the form prescribed by the
911 commission, showing all premiums or assessments received by it
912 in connection with the issuance of service warranties in this
913 state during the preceding calendar year and using accounting
914 principles which will enable the office to ascertain whether the
915 financial requirements set forth in s. 634.406 have been
916 satisfied.

917 (2) The gross amount of premiums and assessments is
918 subject to the sales tax imposed by s. 212.0506.

919 (3) The office may levy a fine of up to \$100 a day for
920 each day an association neglects to file the annual statement in
921 the form and within the time provided by this part. The amount
922 of the fine shall be established by rules adopted by the
923 commission. The office shall deposit all sums collected by it
924 under this section to the credit of the Insurance Regulatory

925 Trust Fund.

926 ~~(4) In addition to an annual statement, the office may~~
 927 ~~require of licensees, under oath and in the form prescribed by~~
 928 ~~it, quarterly statements or special reports which it deems~~
 929 ~~necessary to the proper supervision of licensees under this~~
 930 ~~part. For manufacturers as defined in s. 634.401, the office~~
 931 ~~shall require only the annual audited financial statements of~~
 932 ~~the warranty operations and corporate reports as filed by the~~
 933 ~~manufacturer with the Securities and Exchange Commission,~~
 934 ~~provided that the office may require additional reporting by~~
 935 ~~manufacturers upon a showing by the office that annual reporting~~
 936 ~~is insufficient to protect the interest of purchasers of service~~
 937 ~~warranty agreements in this state or fails to provide sufficient~~
 938 ~~proof of the financial status required by this part.~~

939 (4)~~(5)~~ The office may suspend or revoke the license of a
 940 service warranty association failing to file its annual
 941 statement ~~or quarterly report~~ when due.

942 (5)~~(6)~~ The commission may by rule require each service
 943 warranty association to submit to the office, as the commission
 944 may designate, all or part of the information contained in the
 945 financial statements and reports required by this section in a
 946 computer-readable form compatible with the electronic data
 947 processing system specified by the office.

948 Section 27. Section 634.416, Florida Statutes, is amended
 949 to read:

950 634.416 Examination of associations.—

951 (1) (a) Service warranty associations licensed under this
 952 part may be ~~are~~ subject to periodic examination by the office,

953 | in the same manner and subject to the same terms and conditions
 954 | that apply to insurers under part II of chapter 624.

955 | (b) The office shall determine whether to conduct an
 956 | examination of a service warranty association by considering:

957 | 1. The amount of time that the association has been
 958 | continuously licensed and operating under the same management
 959 | and control.

960 | 2. The association's history of compliance with applicable
 961 | law.

962 | 3. The number of consumer complaints against the
 963 | association.

964 | 4. The financial condition of the association,
 965 | demonstrated by the financial reports submitted pursuant to s.
 966 | 634.313.

967 | (2) However, The rate charged a service warranty
 968 | association by the office for examination may be adjusted to
 969 | reflect the amount collected for the Form 10-K filing fee as
 970 | provided in this section.

971 | (3) On or before May 1 of each year, an association may
 972 | submit to the office the Form 10-K, as filed with the United
 973 | States Securities and Exchange Commission pursuant to the
 974 | Securities Exchange Act of 1934, as amended. Upon receipt and
 975 | review of the most current Form 10-K, the office may waive the
 976 | examination requirement; if the office determines not to waive
 977 | the examination, such examination will be limited to that
 978 | examination necessary to ensure compliance with this part. The
 979 | Form 10-K shall be accompanied by a filing fee of \$2,000 to be
 980 | deposited into the Insurance Regulatory Trust Fund.

981 (4)~~(2)~~ The office is not required to examine an
 982 association that has less than \$20,000 in gross written premiums
 983 as reflected in its most recent annual statement. The office may
 984 examine such an association if it has reason to believe that the
 985 association may be in violation of this part or is otherwise in
 986 an unsound financial condition. If the office examines an
 987 association that has less than \$20,000 in gross written
 988 premiums, the examination fee may not exceed 5 percent of the
 989 gross written premiums of the association.

990 Section 28. Paragraph (b) of subsection (1) of section
 991 634.4225, Florida Statutes, is amended to read:

992 634.4225 Rebating; when allowed.—

993 (1) No sales representative shall rebate any portion of
 994 his or her commission except as follows:

995 (b) The rebate shall be in accordance with a rebating
 996 schedule filed with and approved by the ~~sales representative~~
 997 ~~with the~~ association issuing the service warranty to which the
 998 rebate applies. The association shall maintain a copy of all
 999 rebating schedules for a period of 3 years.

1000 Section 29. Subsection (9) is added to section 634.436,
 1001 Florida Statutes, to read:

1002 634.436 Unfair methods of competition and unfair or
 1003 deceptive acts or practices defined.—The following methods,
 1004 acts, or practices are defined as unfair methods of competition
 1005 and unfair or deceptive acts or practices:

1006 (9) FAILURE TO PROVIDE TERMS AND CONDITIONS PRIOR TO
 1007 SALE.—Failing to provide a consumer with a complete sample copy
 1008 of the terms and conditions of the service warranty prior to

HB 1379

2010

1009 before the time of sale upon a request for the same by the
 1010 consumer. A service warranty association may comply with this
 1011 subsection by providing the consumer with a sample copy of the
 1012 terms and conditions of the warranty contract or by directing
 1013 the consumer to a website that displays a complete sample of the
 1014 terms and conditions of the contract.

1015 Section 30. Subsections (2), (3), (4), and (5) of section
 1016 634.136, Florida Statutes, are amended to read:

1017 634.136 Office records required.—Each licensed motor
 1018 vehicle service contract company, as a minimum requirement for
 1019 permanent office records, shall maintain:

1020 ~~(2) Memorandum journals showing the blank service~~
 1021 ~~agreement forms issued to the company salespersons and recording~~
 1022 ~~the delivery of the forms to the dealer.~~

1023 ~~(3) Memorandum journals showing the service contract forms~~
 1024 ~~received by the motor vehicle dealers and indicating the~~
 1025 ~~disposition of the forms by the dealer.~~

1026 (2)~~(4)~~ A detailed service agreement register, in numerical
 1027 order by service agreement number, of agreements in force, which
 1028 register shall include the following information: service
 1029 agreement number, date of issue, issuing dealer, name of
 1030 agreement holder, whether the agreement is covered by
 1031 contractual liability insurance or the unearned premium reserve
 1032 account, description of motor vehicle, service agreement period
 1033 and mileage, gross premium, commission to salespersons,
 1034 commission to dealer, and net premium.

1035 (3)~~(5)~~ A detailed claims register, in numerical order by
 1036 service agreement number, which register shall include the

HB 1379

2010

1037 following information: service agreement number, date of issue,
 1038 date of claim, type of claim, issuing dealer, amount of claim,
 1039 date claim paid, and, if applicable, disposition other than
 1040 payment and reason therefor.

1041 Section 31. Subsections (4) and (5) of section 634.313,
 1042 Florida Statutes, are amended to read:

1043 634.313 Tax on premiums; annual statement; reports.-

1044 ~~(4) In addition to an annual statement, the office may~~
 1045 ~~require of licensees, under oath and in the form prescribed by~~
 1046 ~~it, such additional regular or special reports as it may deem~~
 1047 ~~necessary to the proper supervision of licensees under this~~
 1048 ~~part.~~

1049 (4)-(5) The commission may by rule require each home
 1050 warranty association to submit to the office, as the commission
 1051 may designate, all or part of the information contained in the
 1052 financial reports required by this section in a computer-
 1053 readable form compatible with the electronic data processing
 1054 system specified by the office.

1055 Section 32. Sections 634.1216 and 634.3126, Florida
 1056 Statutes, are repealed.

1057 Section 33. This act shall take effect July 1, 2010.