

## Committee on Banking and Insurance

### **CS/HB 339 — Motor Vehicle Service Agreement Companies**

by Insurance and Banking Subcommittee and Rep. White (CS/SB 794 by Banking and Insurance Committee and Senator Brandes)

The bill expands the methods by which a motor vehicle service agreement company may insure its ability to pay out on its warranty claims by allowing the company to procure insurance to cover its motor vehicle service agreement claim exposure from a risk retention group that is authorized to do business in Florida. The risk retention group or insurer covering the claims exposure of a motor vehicle service agreement company must maintain a surplus of at least \$15 million. For insurers current law requires a surplus of \$4 million. The bill also allows a motor vehicle service agreement company that provides vehicle protection expenses to obtain insurance coverage on its warranty claims from an insurer that is affiliated with the company. Lastly, the bill provides that cancellation of a motor vehicle service agreement by a lender, finance company, or creditor is valid only if those entities are authorized to do so in the underlying service agreement.

If approved by the Governor, these provisions take effect July 1, 2017.

*Vote: Senate 37-0; House 119-0*