

THE FLORIDA SENATE
2025 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/CS/SB 282 — Warranty Associations

by Rules Committee; Banking and Insurance Committee; and Senator Truenow

The bill revises the financial requirements of service warranty associations and home warranty associations, which are regulated by the Office of Insurance Regulation (OIR).

Current law allows a service warranty association licensed under ch. 634, part III, F.S., but holding no other license under ch. 634, F.S., to forego securing contractual liability insurance, establishing unearned premium reserves, and complying with premium writing ratios if the service warranty association, or its parent company, has a net worth of at least \$100 million and provides the OIR with specified audited financial statements and filings made with the Securities and Exchange Commission or other documents which must be filed with a recognized exchange. Under the bill, such a service warranty association may qualify for the exemption if it provides specified audited financial statements or provides specified filings made with the Securities and Exchange Commission or other documents which must be filed with a recognized exchange. The effect of this change is to allow a service warranty association that is not publicly traded to be eligible for the exemption because it can qualify by only providing audited financial statements.

The bill clarifies that a service warranty association selecting the \$100 million net worth option is not required to purchase contractual liability insurance coverage if the association includes “accidental damage from handling” coverage in its extended warranty contracts.

The bill provides that a contractual liability insurance policy obtained by a home warranty or service warranty association in lieu of establishing an unearned premium reserve must either pay 100 percent of claims as they are incurred or pay 100 percent of claims due in the event an association fails to pay claims when due. Further, the bill clarifies that a home warranty association or a service warranty association may use multiple contractual liability insurance policies issued from multiple insurers, rather than a single policy issued from a single insurer, to cover 100 percent of their claim exposure as an alternative to establishing an unearned premium reserve.

If approved by the Governor, or allowed to become law without the Governor’s signature, these provisions take effect July 1, 2025.

Vote: Senate 36-0; House 115-0