

By Representative Boyd

1 A bill to be entitled
 2 An act relating to insurance; creating s.
 3 627.4134, F.S.; prohibiting termination or
 4 suspension of certain agency contracts under
 5 certain circumstances; providing requirements;
 6 providing for renewal of residential property
 7 insurance contracts under certain
 8 circumstances; requiring notice; providing
 9 procedures; providing requirements; providing
 10 application; providing limitations; providing
 11 for nonapplication under certain circumstances;
 12 providing an effective date.

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

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 16 Section 1. Section 627.4134, Florida Statutes, is
 17 created to read:

18 627.4134 Termination or suspension of agency contracts
 19 by property and casualty insurance companies; renewal of
 20 residential property insurance.--

21 (1) After an agency contract has been in effect for a
 22 period of 1 year, an insurance company writing property and
 23 casualty insurance in this state may not terminate or suspend
 24 an agency contract with any appointed agent unless the company
 25 gives the agent notice in writing of the termination or
 26 suspension at least 90 days in advance. As used in this
 27 section, "suspend" means the temporary cessation of business
 28 relations and refusal to accept insurance contracts submitted
 29 by the agent, however, this shall not include situations in
 30 which business is suspended immediately following a natural
 31 disaster or immediately preceding possible landfall of an

1 existing tropical storm or hurricane, in accordance with the
2 insurer's underwriting guidelines or limitations on the amount
3 of premium volume or number of applications for new policies
4 which the insurer will accept in a particular line of
5 insurance.
6 (2) The company shall renew all contracts for
7 residential property insurance for the agent during a period
8 of 12 months after the effective date of the termination or
9 suspension but, in the event any risk shall not meet current
10 underwriting standards of the company, the company may decline
11 such renewal, provided the company gives the agent not less
12 than 90 days' notice of its intention not to renew the
13 contract of insurance. The company's written underwriting
14 standards shall be provided to its agents who have been
15 terminated at the same time the company first notifies the
16 agent of the company's intention to terminate the agent's
17 contract. The written underwriting standards that the insurer
18 furnishes to a terminated agent must conform to the same
19 underwriting standards that were in effect for such agent
20 before the company's decision to terminate or suspend the
21 agent's contract. Notwithstanding the provisions of this
22 section, an insurance company may furnish different
23 underwriting standards to different agents of the company, so
24 long as such underwriting standards are not used in ways that
25 intentionally or otherwise serve to prevent or discourage the
26 renewal of the insurance policies of terminated agents. An
27 insurance company that is renewing contracts of insurance
28 under this subsection shall pay to the terminated agent
29 commissions for such renewals according to the same commission
30 schedule that was in effect for that agent before the
31 company's decision to terminate the agency contract. A

1 terminated agent must be allowed to pay to the company all
2 sums due according to the same account's current payment terms
3 that are in effect for agents of the company who have not been
4 terminated. An insurance company that is renewing contracts
5 of insurance under this subsection may not require a
6 terminated agent to convert from agency billing to company
7 billing during the termination period unless that agent agrees
8 to such conversion in writing.

9 (3) No new business or increases in liability on
10 renewal or in-force business shall be written by the agent for
11 the company after notice of termination without the written
12 approval of the company.

13 (4) After suspension or termination of the contract,
14 the company shall not refuse to renew such business from the
15 agent as would be in accordance with the company's current
16 underwriting standards in effect for agents of the company
17 whose contracts have not been terminated or suspended.

18 (5) The provisions of this section shall not apply to
19 the termination or suspension of an agent's contract for
20 insolvency, abandonment, gross and willful misconduct, or
21 failure to pay over to the company money due to the company
22 after the agent's receipt of a written demand for such money,
23 or after revocation of the agent's license.

24 (6) This section applies to all existing contracts
25 presently in effect between an agent and a company writing
26 property and casualty insurance in this state.

27 (7) When an authorized insurer withdraws from this
28 state or reduces its total annual premium volume by 75 percent
29 or more in any year, such action shall be deemed a termination
30 of the insurer's agents and the insurer shall comply with the
31 provisions of this section.

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Section 2. This act shall take effect October 1, 1997.

HOUSE SUMMARY

Requires a 90-day notice before an insurance company writing property or casualty insurance terminates or suspends an agency contract with an appointed agent. Requires such company to renew contracts for residential property insurance within 12 months after termination or suspension unless the risk fails to meet company underwriting standards. Specifies conditions, procedures, and limitations on contract renewals after termination or suspension. See bill for details.