

By Representative Dennis

1                                   A bill to be entitled  
2           An act relating to premium finance companies;  
3           amending s. 627.828, F.S.; revising certain net  
4           worth requirements for applicants for a premium  
5           finance company license; providing for a surety  
6           bond under certain circumstances; requiring  
7           certain insurance coverage; amending s.  
8           627.848, F.S.; requiring insurers to return  
9           certain amounts to premium finance companies on  
10          cancelled policies; requiring such companies to  
11          refund certain unearned premium; providing an  
12          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 627.828, Florida Statutes, is  
17 amended to read:

18           627.828 License required.--

19           (1) Except as provided in ss. 627.901 and 627.902, no  
20 person shall engage in the business of a premium finance  
21 company unless licensed by the department. Every premium  
22 finance company licensed under the provisions of this part  
23 shall maintain at all times a net worth of \$35,000. However,  
24 in lieu of having a net worth of \$35,000, a premium finance  
25 company which has a net worth of at least \$10,000 may file a  
26 surety bond or other acceptable collateral with the department  
27 as approved by it in the amount of \$35,000, which bond or  
28 collateral shall be maintained.

29           (2) The application for a license shall be in writing  
30 and in the form prescribed by the department. Every applicant  
31 shall provide evidence ~~proof~~ of a net worth of \$35,000.

1 attested to by two officers of the company, or a \$35,000  
2 surety bond and evidence of a net worth of \$10,000, attested  
3 to by two officers of the company. Assets to be used in  
4 computing the required net worth shall be determined by rules  
5 adopted by the department.

6 (3) Each premium finance company licensed under this  
7 part shall maintain at all times an errors and omissions  
8 insurance policy of no less than \$500,000 per claim.

9 (4)~~(3)~~ A single license shall entitle the holder to  
10 operate more than one office.

11 (5)~~(4)~~ At the time of filing an application for a  
12 license, the applicant shall pay to the department the license  
13 fee and, upon original application or upon application  
14 subsequent to denial of application, or revocation, suspension  
15 or surrender of a license, an investigation fee.

16 (6)~~(5)~~ Such license shall state the name and address  
17 of the licensee, and a copy shall be kept conspicuously posted  
18 in each office of the licensee and shall not be transferable  
19 or assignable.

20 (7)~~(6)~~ Prior to moving an existing office to another  
21 location, a licensee shall notify the department in writing of  
22 its intention to do so.

23 Section 2. Paragraph (e) of subsection (1) of section  
24 627.848, Florida Statutes, 1996 Supplement, is amended to  
25 read:

26 627.848 Cancellation of insurance contract upon  
27 default.--

28 (1) When a premium finance agreement contains a power  
29 of attorney or other authority enabling the premium finance  
30 company to cancel any insurance contract listed in the

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1 agreement, the insurance contract shall not be canceled unless  
2 cancellation is in accordance with the following provisions:  
3 (e) Whenever an insurance contract is canceled in  
4 accordance with this section, the insurer shall promptly  
5 return ~~the unpaid balance due under the finance contract, up~~  
6 ~~to~~ the gross amount available, which shall include unearned  
7 premiums, upon the cancellation of the policy, ~~to the premium~~  
8 finance company, which shall, after satisfaction of the  
9 premium finance contract, return ~~and~~ any remaining unearned  
10 premium to ~~the agent or~~ the insured in the case of personal  
11 lines insurance, or to the agent in the case of commercial  
12 insurance both, for the benefit of the insured or insureds.

13 Section 3. This act shall take effect upon becoming a  
14 law.

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17 HOUSE SUMMARY

18 Revises net worth requirements for licensing premium  
19 finance companies. Revises refund requirements on  
20 cancelled policies. See bill for details.  
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