

By the Committee on Financial Services and 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; providing criteria;  
8           providing penalties; authorizing the Department  
9           of Insurance to adopt rules; amending s.  
10          627.8405, F.S.; specifying prohibited acts by a  
11          premium finance company; providing an effective  
12          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)(a) Each premium finance company authorized under  
7 the provisions of this part shall maintain at all times an  
8 errors and omissions insurance policy of no less than \$500,000  
9 covering the acts of its officers, employees, and agents. The  
10 policy may contain reasonable deductibles not to exceed 2  
11 percent of the policy limits.

12 (b)1. A premium finance company with an unencumbered  
13 net worth of at least \$15,000,000 may self-insure the errors  
14 and omissions coverage provided it meets the requirements of  
15 this paragraph.

16 2. To qualify as a self-insurer the premium finance  
17 company must:

18 a. Have and maintain an unencumbered net worth of  
19 \$15,000,000 which shall be determined based on assets  
20 permissible for insurers pursuant to ss. 625.012 and 625.031.

21 b. Annually demonstrate, as part of its annual report,  
22 to the satisfaction of the department, that the net-worth  
23 requirement is being met.

24 c. Obtain, as a part of its annual application for  
25 licensure as a premium finance company, a certificate of  
26 self-insurance from the department to be renewed annually.

27 3. If the department determines the premium finance  
28 company:

29 a. Is not maintaining at all times an unencumbered net  
30 worth of at least \$15,000,000; or

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1           b. Is not, in good faith, covering the errors and  
2 omissions of its officers, employees and agents,  
3  
4 the department shall, in addition to other penalties under  
5 this code, revoke or suspend the certificate of self-insurance  
6 and the premium finance company shall be subject to the  
7 requirements of paragraph (a).

8           (c) The department may adopt rules necessary to  
9 implement the provisions of this subsection including the  
10 adoption of necessary forms.

11           ~~(4)(3)~~ A single license shall entitle the holder to  
12 operate more than one office.

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

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

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

25           Section 2. Section 627.8405, Florida Statutes, is  
26 amended to read:

27           627.8405 Prohibited acts ~~premium financing~~.--No  
28 premium finance company shall, in a premium finance agreement  
29 or other agreement, provide financing for, or otherwise  
30 provide for the collection or remittance of dues, assessments,  
31 fees, or other periodic payments of money for, the cost of:

1           (1) A membership in an automobile club. The term  
2 "automobile club" means a legal entity which, in consideration  
3 of dues, assessments, or periodic payments of money, promises  
4 its members or subscribers to assist them in matters relating  
5 to the ownership, operation, use, or maintenance of a motor  
6 vehicle; however, this definition of "automobile club" does  
7 not include persons, associations, or corporations which are  
8 organized and operated solely for the purpose of conducting,  
9 sponsoring, or sanctioning motor vehicle races, exhibitions,  
10 or contests upon racetracks, or upon racecourses established  
11 and marked as such for the duration of such particular events.  
12 The words "motor vehicle" used herein have the same meaning as  
13 defined in chapter 320.

14           (2) An accidental death and dismemberment policy sold  
15 in combination with a personal injury protection and property  
16 damage only policy.

17           (3) Any product not regulated under the provisions of  
18 this insurance code.

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20 This section also applies to premium financing by any  
21 insurance agent or insurance company under part XVI. The  
22 department shall promulgate rules to assure disclosure, at the  
23 time of sale, of coverages financed with personal injury  
24 protection.

25           Section 3. This act shall take effect upon becoming a  
26 law.

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