

By Representative Ziebarth

1 A bill to be entitled
2 An act relating to warranty companies; amending
3 s. 634.011, F.S.; redefining the term "motor
4 vehicle" with respect to motor vehicle service
5 agreement companies; amending s. 634.121, F.S.;
6 authorizing such service agreement companies to
7 limit both the time period within which a
8 consumer may transfer the agreement and the
9 number of transfers permissible; amending s.
10 634.312, F.S.; providing for a required element
11 of home warranty contracts; creating s.
12 634.331, F.S.; providing that a home warranty
13 may provide coverage of residential property
14 listed for sale prior to the sale of such
15 property under certain circumstances; amending
16 s. 634.406, F.S.; revising language with
17 respect to financial requirements; providing an
18 effective date.

19
20 Be It Enacted by the Legislature of the State of Florida:

21
22 Section 1. Subsection (6) of section 634.011, Florida
23 Statutes, is amended to read:

24 634.011 Definitions.--As used in this part, the term:

25 (6) "Motor vehicle" means:

26 (a) A self-propelled device operated solely or
27 primarily upon roadways to transport people or property, or
28 the component part of such a self-propelled device, except
29 such term does not include any self-propelled vehicle, or
30 component part of such vehicle, which:

31

1 1. Has a gross vehicle weight rating of 10,000 pounds
2 or more, except for recreational vehicles as defined in s.
3 320.01(1)(b);

4 2. Is designed to transport more than 10 passengers,
5 including the driver; or

6 3. Is used in the transportation of materials found to
7 be hazardous for the purposes of the Hazardous Materials
8 Transportation Act, as amended, 49 U.S.C. ss. 1801 et seq.; or

9 (b) A self-propelled device operated solely or
10 primarily upon water for noncommercial, personal use, or the
11 engine of such a vehicle, or a trailer or other device used to
12 transport such vehicle or device.

13 Section 2. Subsection (4) of section 634.121, Florida
14 Statutes, is amended to read:

15 634.121 Filing of forms, required procedures,
16 provisions.--

17 (4) All motor vehicle service agreements are
18 assignable in a consumer transaction and must contain a
19 statement in conspicuous, boldfaced type, informing the
20 purchaser of the service agreement of his right to assign it
21 ~~before the expiration date,~~ to a subsequent retail purchaser
22 of the motor vehicle covered by the service agreement and all
23 limitations on such right of transfer. The service agreement
24 company may limit both the time period within which a consumer
25 may transfer a motor vehicle service agreement and the number
26 of transfers permissible. The service agreement company may
27 charge an assignment fee not to exceed \$40.

28 Section 3. Subsection (5) is added to section 634.312,
29 Florida Statutes, to read:

30 634.312 Filing, approval of forms.--

31

1 (5) Each home warranty contract must describe the
2 procedure to transfer the warranty to subsequent retail
3 purchasers and all limitations and exclusions on the
4 transferability of such contracts. Home warranty transfers
5 include, but are not limited to, the transfer from a home
6 builder or homeowner who purchased the home warranty to a
7 subsequent home purchaser.

8 Section 4. Section 634.331, Florida Statutes, is
9 created to read:

10 634.331 Coverage of property for sale.--A home
11 warranty contract may provide coverage of residential property
12 listed for sale prior to the sale of such property, provided
13 that either:

14 (1) An element of the warranty premium is attributed
15 to such coverage; or

16 (2) The warranty purchaser has executed a bona fide
17 promise, in writing, to pay the warranty premium for coverage
18 during the listing period after the time of transfer of title
19 of the subject property.

20 Section 5. Subsections (4) and (5) of section 634.406,
21 Florida Statutes, are amended to read:

22 634.406 Financial requirements.--

23 (4) No warrantor may allow its gross written premiums
24 in force to exceed a 10 ~~7~~ to 1 ratio to net assets; however, a
25 company may exceed this requirement if the company:

26 (a) Holds licenses issued pursuant to the provisions
27 of part I and this part, and

28 (b) Maintains net assets of at least \$2.5 million, and

29 (c) Utilizes contractual liability insurance which
30 reimburses the service warranty association for 100 percent of
31 its paid claims, and

1 (d) The insurer issuing the contractual liability
2 insurance policy maintains a policyholder surplus of at least
3 \$100 million and is rated "A" or higher by A.M. Best Company.

4 (5) No warranty seller may allow its gross written
5 premiums in force to exceed a 10 5 to 1 ratio to net assets.

6 Section 6. This act shall take effect October 1, 1997.

7
8 *****

9 HOUSE SUMMARY

10 Revises provisions of law relating to motor vehicle
11 service agreement companies to:

- 12 1. Redefine the term "motor vehicle."
13 2. Provide that the service agreement company may
14 limit both the time period within which a consumer may
15 transfer a motor vehicle service agreement and the number
16 of transfers permissible.

17 Revises provisions of law relating to home warranty
18 associations to:

- 19 1. Provide that each home warranty must describe
20 the procedure to transfer the warranty to subsequent
21 retail purchasers and all limitations and exclusions on
22 the transferability of such contracts.
23 2. Provide that a home warranty may provide
24 coverage of residential property listed for sale prior to
25 the sale of such property under described circumstances.
26 3. Revise provisions relating to financial
27 requirements.