

By Senator Geller

29-1586-00

1                                   A bill to be entitled  
2           An act relating to rulemaking authority of  
3           state agencies (RAB); amending s. 386.205,  
4           F.S.; authorizing state agencies to adopt rules  
5           to designate smoking areas; amending s.  
6           554.115, F.S.; providing additional  
7           circumstances under which the Department of  
8           Insurance may suspend or revoke a certificate  
9           of compliance to operate a boiler; requiring  
10          that certain violations be reported to the  
11          state attorney; providing for administrative  
12          actions; amending s. 624.3161, F.S.; requiring  
13          the Department of Insurance to adopt rules for  
14          market conduct examinations; creating s.  
15          624.4135, F.S.; requiring that the department  
16          adopt rules governing applications by foreign  
17          insurers for a certificate of authority as a  
18          domestic insurer; amending s. 624.424, F.S.;  
19          requiring health insurers to provide  
20          information pertaining to the training and  
21          instruction provided to agents; requiring the  
22          Department of Insurance to adopt rules;  
23          amending s. 625.305, F.S.; requiring that the  
24          department adopt rules governing certain  
25          investments by domestic life insurers; creating  
26          s. 625.765, F.S.; exempting specified  
27          transactions from requirements that a domestic  
28          stock insurer file statements and recover  
29          certain profits; amending s. 626.171, F.S.;  
30          requiring the Department of Insurance to adopt  
31          rules governing the license application process

1 for insurance representatives; creating s.  
2 626.2817, F.S.; providing for the regulation of  
3 course providers, instructors, and other groups  
4 involved in prelicensure education for  
5 insurance agents and other licensees; amending  
6 s. 626.7353, F.S.; requiring that the  
7 Department of Insurance adopt rules governing  
8 the appointment of customer representatives;  
9 amending s. 626.748, F.S.; providing  
10 requirements for agents in maintaining records  
11 of policies; amending s. 626.9541, F.S.;  
12 prohibiting certain discrimination with respect  
13 to motor vehicle insurance premiums; providing  
14 that failure to make certain disclosures  
15 regarding a self-insured plan constitute an  
16 unfair method of competition and an unfair or  
17 deceptive act; requiring that the department  
18 adopt rules governing such disclosures;  
19 amending s. 626.9551, F.S.; providing  
20 additional requirements for insurance sold in  
21 connection with an extension of credit or the  
22 sale or lease of goods or services; requiring  
23 the Department of Insurance to adopt rules  
24 governing such sales and rules to prevent the  
25 coercion of borrowers; creating s. 626.9881,  
26 F.S.; requiring that the department adopt rules  
27 governing the marketing of insurance in  
28 connection with persons not licensed as  
29 insurance agents; amending s. 627.062, F.S.;  
30 providing for the availability of water  
31 supplies to be considered by insurers or rating

1 organizations in establishing rates; amending  
2 s. 627.0625, F.S.; authorizing the Department  
3 of Insurance to adopt rules governing claims  
4 under commercial motor vehicle policies;  
5 creating s. 627.385, F.S.; requiring each  
6 residual market board to adopt rules to prevent  
7 conflicts of interest and inappropriate  
8 behavior; specifying prohibited activities on  
9 the part of board members; creating s.  
10 627.4065, F.S.; providing for a right to return  
11 a health insurance policy within a specified  
12 period; providing notice requirements;  
13 providing certain exceptions; creating s.  
14 627.4086, F.S.; providing notice requirements  
15 for policies of disability insurance; creating  
16 s. 627.41335, F.S.; requiring that an applicant  
17 for health insurance sign certain  
18 acknowledgements with respect to the  
19 termination of the insurance; creating s.  
20 627.41337, F.S.; providing certain limitations  
21 on the use of the terms "noncancelable" or  
22 "noncancelable and guaranteed renewable" by  
23 insurers; amending s. 627.429, F.S.; providing  
24 that certain limitations on the use of medical  
25 tests for human immunodeficiency virus  
26 infection and acquired immune deficiency  
27 syndrome apply to insurance provided by prepaid  
28 limited health organizations; creating s.  
29 627.4305, F.S.; authorizing the Department of  
30 Insurance to make certain distinctions between  
31 various insurance policies in adopting rules

1 governing insurance contracts; amending s.  
2 627.481, F.S.; requiring that the department  
3 adopt rules governing certain annuity  
4 agreements; creating s. 627.7276, F.S.;  
5 providing notice requirements for motor vehicle  
6 policies that do not provide coverage for  
7 bodily injury and property damage liability or  
8 that do not comply with the Florida Motor  
9 Vehicle No-Fault Law; amending s. 627.7282,  
10 F.S.; authorizing the Department of Insurance  
11 to adopt rules governing the format of the  
12 notice of additional premiums; creating s.  
13 627.795, F.S.; requiring that title insurance  
14 commitments be issued on certain real estate  
15 transactions; creating s. 627.796, F.S.;  
16 requiring that a title insurer obtain a minimum  
17 amount of errors and omissions coverage for  
18 persons performing title searches; creating s.  
19 627.797, F.S.; requiring that insurers file  
20 with the department a list of agents who are  
21 exempt from licensure; creating s. 627.798,  
22 F.S.; requiring that the Department of  
23 Insurance adopt forms for notifying the  
24 mortgagor of certain provisions in a title  
25 policy; amending ss. 627.8405, 627.848, F.S.;  
26 requiring that the Department of Insurance  
27 adopt forms for disclosing coverages financed  
28 with personal injury protection and for  
29 cancelling certain policies; amending s.  
30 627.918, F.S.; requiring that the department  
31 adopt rules for approving certain forms;

1           creating s. 627.955, F.S.; prohibiting certain  
2           deductibles that are applicable to the insured  
3           group as a whole; amending s. 635.071, F.S.;  
4           prohibiting insurance on mortgages that are  
5           offered for sale based on certain  
6           advertisements; creating s. 636.0225, F.S.;  
7           requiring that a group prepaid limited health  
8           service contract provide for conversion of the  
9           contract on termination of eligibility;  
10          specifying certain exceptions; amending s.  
11          636.0226, F.S.; providing requirements for  
12          conversion contracts; providing certain time  
13          limits; requiring issuance without evidence of  
14          insurability; providing for a conversion  
15          premium; providing for scope of coverage;  
16          providing requirements for optional coverage;  
17          providing certain limitations on termination;  
18          limiting certain exclusions for preexisting  
19          conditions; providing notice requirements;  
20          amending s. 648.4425, F.S.; requiring the  
21          Department of Insurance to prescribe forms for  
22          use by bail bond agents in issuing bonds;  
23          amending s. 651.033, F.S.; requiring that the  
24          Department of Insurance sign certain escrow  
25          agreements, letters of credit, and amendments  
26          thereto; amending s. 791.015, F.S.; authorizing  
27          the State Fire Marshal to adopt by rule  
28          registration forms for manufacturers,  
29          distributors, wholesalers, and retailers of  
30          sparklers; providing an effective date.  
31

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

2

3 Section 1. Subsection (6) is added to section 386.205,  
4 Florida Statutes, to read:

5 386.205 Designation of smoking areas.--

6 (6) Each state agency may adopt rules for  
7 administering this section which take into consideration the  
8 provisions of this part.

9 Section 2. Section 554.115, Florida Statutes, is  
10 amended to read:

11 554.115 Disciplinary proceedings.--

12 (1) The department may suspend or revoke a certificate  
13 of compliance upon proof that:

14 (a) The certificate has been obtained by fraud or  
15 misrepresentation;

16 (b) The boiler for which the certificate was issued  
17 cannot be operated safely; or

18 (c) The person who received the certificate willfully  
19 or deliberately violated the State Boiler Code or ss.  
20 554.1011-554.115 or any rule adopted pursuant to ss.  
21 554.1011-554.115.

22 (2) The department may suspend or revoke a certificate  
23 of competency upon proof that:

24 (a) The certificate was obtained by fraud or  
25 misrepresentation; or

26 (b) The inspector to whom the certificate was issued  
27 is no longer qualified under ss. 554.1011-554.115 to inspect  
28 boilers; or-

29 (c) The inspector:

30 1. Operated a boiler at a public assembly location  
31 without a valid certificate of compliance for that boiler;

1           2. Gave false or forged information to the department  
2 or to another boiler inspector for the purpose of obtaining a  
3 certificate of compliance;

4           3. Used a certificate of compliance for any boiler  
5 other than the boiler for which it was issued;

6           4. Operated a boiler for which the certificate of  
7 compliance has been suspended or revoked or has expired;

8           5. Inspected any boiler regulated under ss.  
9 554.1011-554.115 without having obtained a valid certificate  
10 of competency;

11           6. Operated a boiler that is in an unsafe condition;  
12 or

13           7. Operated a boiler in a manner that is contrary to  
14 the requirements of this chapter or any rule adopted under  
15 this chapter.

16           (3) Each suspension of a certificate of compliance or  
17 certificate of competency shall continue in effect until all  
18 violations have been corrected and, for boiler safety  
19 violations, until the boiler has been inspected and shown to  
20 be in a safe condition.

21           (4) A person in violation of this section who does not  
22 have a valid certificate of competency shall be reported by  
23 the chief inspector to the appropriate state attorney.

24           (5) A person in violation of this section who has a  
25 valid certificate of competency is subject to administrative  
26 action by the chief inspector.

27           (6) A revocation of a certificate of competency is  
28 permanent and a revoked certificate of competency may not be  
29 reinstated or a new certificate of competency issued to the  
30 same person. A suspension of a certificate of competency  
31 continues in effect until all violations have been corrected.

1 A suspension of a certificate of compliance for any boiler  
2 safety violation continues in effect until the boiler has been  
3 inspected by an authorized inspector and shown to be in safe  
4 working condition.

5 Section 3. Subsection (6) is added to section  
6 624.3161, Florida Statutes, to read:

7 624.3161 Market conduct examinations.--

8 (6) The department shall adopt rules to administer  
9 market conduct examinations, including, but not limited to,  
10 rules that enable the department to ascertain compliance by  
11 the person examined with the applicable provisions of this  
12 chapter and chapters 626, 627, and 635.

13 Section 4. Section 624.4135, Florida Statutes, is  
14 created to read:

15 624.4135 Redomestication.--The department shall adopt  
16 rules establishing procedures and forms for a foreign insurer  
17 to apply for a certificate of authority as a domestic insurer.

18 Section 5. Subsection (11) is added to section  
19 624.424, Florida Statutes, to read:

20 624.424 Annual statement and other information.--

21 (11) Each insurer writing health insurance in this  
22 state must complete and file with its annual statement a  
23 response to a questionnaire concerning the course of training  
24 and instruction that is provided to the agents of the insurer.  
25 The department shall adopt by rule the questionnaire form.

26 Section 6. Subsection (11) is added to section  
27 625.305, Florida Statutes, to read:

28 625.305 Diversification.--

29 (11) The department shall adopt rules to administer  
30 this section, including rules pertaining to the use of money  
31 by domestic life insurers which is received from variable



1 annuity contracts for the purpose of investing and reinvesting  
2 in common stocks.

3 Section 7. Section 625.765, Florida Statutes, is  
4 created to read:

5 625.765 Exemptions from ss. 625.75 and 625.76.--The  
6 department may adopt by rule exemptions from ss. 625.75 and  
7 625.76 for transactions that are not subject to s. 628.461 and  
8 that are the result of proceedings in probate, incompetency,  
9 or bankruptcy; sales of securities by odd-lot securities  
10 dealers; small transactions by gift which do not exceed \$3,000  
11 over any 6-month period; transactions that are effected in  
12 connection with the distribution of a substantial block of  
13 securities; acquisitions of shares of stock and stock options  
14 under a stock bonus plan, stock option plan, or similar plan;  
15 securities acquired by redeeming other securities by an  
16 insurer; consolidations or mergers of insurers that hold over  
17 85 percent of the companies being merged or consolidated;  
18 acquisitions or dispositions of an equity security involved in  
19 the deposit of the security under, or the withdrawal of the  
20 security from, a voting trust or deposit agreement; and  
21 conversions of an insurer's equity securities into another  
22 equity security of the same insurer. The department may limit  
23 the scope of exemptions and provide conditions for exemptions  
24 as necessary to maintain the purpose and intent of ss. 625.75  
25 and 625.76 and prevent the circumvention of ss. 625.75 and  
26 625.76.

27 Section 8. Subsection (8) is added to section 626.171,  
28 Florida Statutes, to read:

29 626.171 Application for license.--

30 (8) The department shall adopt rules to administer the  
31 license application process, including requirements for photo

1 identification, character and credit reports, and prelicensing  
2 courses for an applicant; the impact of an applicant's  
3 criminal history check; and any other information that is  
4 relevant in determining an applicant's fitness and  
5 trustworthiness to engage in the business of insurance.

6 Section 9. Section 626.2817, Florida Statutes, is  
7 created to read:

8 626.2817 Regulation of course providers, instructors,  
9 school officials, and monitor groups involved in prelicensure  
10 education for insurance agents and other licensees.--

11 (1) Any course provider, instructor, school official,  
12 or monitor group must be approved by and registered with the  
13 department before offering prelicensure education courses for  
14 insurance agents and other licensees.

15 (2) The department shall adopt rules establishing  
16 standards for the approval, registration, discipline, or  
17 removal from registration of course providers, instructors,  
18 school officials, and monitor groups. The standards must be  
19 designed to ensure that course providers, instructors, school  
20 officials, and monitor groups have the knowledge, competence,  
21 and integrity to fulfill the educational objectives of the  
22 prelicensure requirements of this chapter and chapter 648 and  
23 to assure that insurance agents and licensees are competent to  
24 engage in the activities authorized under the license.

25 (3) The department shall adopt rules to establish a  
26 process for determining compliance with the prelicensure  
27 requirements of this chapter and chapter 648 and shall  
28 establish a prelicensure cycle for insurance agents and other  
29 licensees. The department shall adopt rules prescribing the  
30 forms necessary to administer the prelicensure requirements.

31

1           Section 10. Subsection (3) is added to section  
2 626.7353, Florida Statutes, to read:

3           626.7353 Appointment of customer representatives.--  
4           (3) The department shall prescribe by rule forms to  
5 administer this section.

6           Section 11. Section 626.748, Florida Statutes, is  
7 amended to read:

8           626.748 Agent's records.--

9           (1) Every agent transacting any insurance policy must  
10 maintain in his or her office, or have readily accessible by  
11 electronic or photographic means, such records of policies  
12 transacted by him or her as to enable the policyholders and  
13 department to obtain all necessary information, including  
14 daily reports, applications, change endorsements, or documents  
15 signed or initialed by the insured concerning such policies.

16           (2) The transacting agent shall maintain at all times  
17 complete records of all policies issued, including the name  
18 and address of all insureds and beneficiaries and the type or  
19 scope of coverage provided. The transacting agent shall report  
20 and promptly send to the insurer and issuing or countersigning  
21 agent all applications for insurance. If the policies are  
22 issued in the home office or regional office of the company, a  
23 copy of the policy must be sent to the countersigning agent  
24 for his or her file. If a policy covering personal property is  
25 issued by a mutual insurer or a participating stock insurer,  
26 the policyholder is entitled to the benefit of any dividend  
27 paid under an individual policy or certificate.

28           Section 12. Paragraph (o) of subsection (1) of section  
29 626.9541, Florida Statutes, is amended, and paragraph (bb) is  
30 added to that subsection, to read:

31

1           626.9541 Unfair methods of competition and unfair or  
2 deceptive acts or practices defined.--

3           (1) UNFAIR METHODS OF COMPETITION AND UNFAIR OR  
4 DECEPTIVE ACTS.--The following are defined as unfair methods  
5 of competition and unfair or deceptive acts or practices:

6           (o) Illegal dealings in premiums; excess or reduced  
7 charges for insurance.--

8           1. Knowingly collecting any sum as a premium or charge  
9 for insurance, which is not then provided, or is not in due  
10 course to be provided, subject to acceptance of the risk by  
11 the insurer, by an insurance policy issued by an insurer as  
12 permitted by this code.

13           2. Knowingly collecting as a premium or charge for  
14 insurance any sum in excess of or less than the premium or  
15 charge applicable to such insurance, in accordance with the  
16 applicable classifications and rates as filed with and  
17 approved by the department, and as specified in the policy;  
18 or, in cases when classifications, premiums, or rates are not  
19 required by this code to be so filed and approved, premiums  
20 and charges in excess of or less than those specified in the  
21 policy and as fixed by the insurer. This provision shall not  
22 be deemed to prohibit the charging and collection, by surplus  
23 lines agents licensed under part VIII of this chapter, of the  
24 amount of applicable state and federal taxes, or fees as  
25 authorized by s. 626.916(4), in addition to the premium  
26 required by the insurer or the charging and collection, by  
27 licensed agents, of the exact amount of any discount or other  
28 such fee charged by a credit card facility in connection with  
29 the use of a credit card, as authorized by subparagraph (q)3.,  
30 in addition to the premium required by the insurer. This  
31 subparagraph shall not be construed to prohibit collection of

1 a premium for a universal life or a variable or indeterminate  
2 value insurance policy made in accordance with the terms of  
3 the contract.

4 3.a. Imposing or requesting an additional premium for  
5 a policy of motor vehicle liability, personal injury  
6 protection, medical payment, or collision insurance or any  
7 combination thereof or refusing to renew the policy solely  
8 because the insured was involved in a motor vehicle accident  
9 unless the insurer's file contains information from which the  
10 insurer in good faith determines that the insured was  
11 substantially at fault in the accident.

12 b. An insurer which imposes and collects such a  
13 surcharge or which refuses to renew such policy shall, in  
14 conjunction with the notice of premium due or notice of  
15 nonrenewal, notify the named insured that he or she is  
16 entitled to reimbursement of such amount or renewal of the  
17 policy under the conditions listed below and will subsequently  
18 reimburse him or her or renew the policy, if the named insured  
19 demonstrates that the operator involved in the accident was:

20 (I) Lawfully parked;

21 (II) Reimbursed by, or on behalf of, a person  
22 responsible for the accident or has a judgment against such  
23 person;

24 (III) Struck in the rear by another vehicle headed in  
25 the same direction and was not convicted of a moving traffic  
26 violation in connection with the accident;

27 (IV) Hit by a "hit-and-run" driver, if the accident  
28 was reported to the proper authorities within 24 hours after  
29 discovering the accident;

30 (V) Not convicted of a moving traffic violation in  
31 connection with the accident, but the operator of the other

1 automobile involved in such accident was convicted of a moving  
2 traffic violation;

3 (VI) Finally adjudicated not to be liable by a court  
4 of competent jurisdiction;

5 (VII) In receipt of a traffic citation which was  
6 dismissed or nolle prossed; or

7 (VIII) Not at fault as evidenced by a written  
8 statement from the insured establishing facts demonstrating  
9 lack of fault which are not rebutted by information in the  
10 insurer's file from which the insurer in good faith determines  
11 that the insured was substantially at fault.

12 c. In addition to the other provisions of this  
13 subparagraph, an insurer may not fail to renew a policy if the  
14 insured has had only one accident in which he or she was at  
15 fault within the current 3-year period. However, an insurer  
16 may nonrenew a policy for reasons other than accidents in  
17 accordance with s. 627.728. This subparagraph does not  
18 prohibit nonrenewal of a policy under which the insured has  
19 had three or more accidents, regardless of fault, during the  
20 most recent 3-year period.

21 4. Imposing or requesting an additional premium for,  
22 or refusing to renew, a policy for motor vehicle insurance  
23 solely because the insured committed a noncriminal traffic  
24 infraction as described in s. 318.14 unless the infraction is:

25 a. A second infraction committed within an 18-month  
26 period, or a third or subsequent infraction committed within a  
27 36-month period.

28 b. A violation of s. 316.183, when such violation is a  
29 result of exceeding the lawful speed limit by more than 15  
30 miles per hour.

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1           5. Upon the request of the insured, the insurer and  
2 licensed agent shall supply to the insured the complete proof  
3 of fault or other criteria which justifies the additional  
4 charge or cancellation.

5           6. No insurer shall impose or request an additional  
6 premium for motor vehicle insurance, cancel or refuse to issue  
7 a policy, or refuse to renew a policy because the insured or  
8 the applicant is a handicapped or physically disabled person,  
9 so long as such handicap or physical disability does not  
10 substantially impair such person's mechanically assisted  
11 driving ability.

12           7. No insurer may cancel or otherwise terminate any  
13 insurance contract or coverage, or require execution of a  
14 consent to rate endorsement, during the stated policy term for  
15 the purpose of offering to issue, or issuing, a similar or  
16 identical contract or coverage to the same insured with the  
17 same exposure at a higher premium rate or continuing an  
18 existing contract or coverage with the same exposure at an  
19 increased premium.

20           8. No insurer may issue a nonrenewal notice on any  
21 insurance contract or coverage, or require execution of a  
22 consent to rate endorsement, for the purpose of offering to  
23 issue, or issuing, a similar or identical contract or coverage  
24 to the same insured at a higher premium rate or continuing an  
25 existing contract or coverage at an increased premium without  
26 meeting any applicable notice requirements.

27           9. No insurer shall, with respect to premiums charged  
28 for motor vehicle insurance, unfairly discriminate solely on  
29 the basis of age, sex, marital status, type of vehicle,  
30 location of the risk, number of accidents that occurred more  
31 than 3 years ago, or scholastic achievement.

1           10. Imposing or requesting an additional premium for  
2 motor vehicle comprehensive or uninsured motorist coverage  
3 solely because the insured was involved in a motor vehicle  
4 accident or was convicted of a moving traffic violation.

5           11. No insurer shall cancel or issue a nonrenewal  
6 notice on any insurance policy or contract without complying  
7 with any applicable cancellation or nonrenewal provision  
8 required under the Florida Insurance Code.

9           12. No insurer shall impose or request an additional  
10 premium, cancel a policy, or issue a nonrenewal notice on any  
11 insurance policy or contract because of any traffic infraction  
12 when adjudication has been withheld and no points have been  
13 assessed pursuant to s. 318.14(9) and (10). However, this  
14 subparagraph does not apply to traffic infractions involving  
15 accidents in which the insurer has incurred a loss due to the  
16 fault of the insured.

17           (bb) Failure to make full disclosure.--Failure of an  
18 agent, administrator, or insurer issuing a self insured plan  
19 not covered by the guaranty fund established under s. 631.715  
20 to disclose to a covered individual in writing that the plan  
21 is not regulated by the department and that the plan does not  
22 qualify under the guaranty fund. The department shall  
23 prescribe forms and adopt rules to administer this paragraph.

24           Section 13. Paragraph (c) of subsection (2) of section  
25 626.9551, Florida Statutes, is amended, and subsections (6),  
26 (7), and (8) are added to that section, to read:

27           626.9551 Favored agent or insurer; coercion of  
28 debtors.--

29           (2)

30           (c)1. All documents constituting policies of insurance  
31 shall be separate and shall not be combined with or be a part



1 of other documents. A person may not include the expense of  
2 insurance premiums in a primary credit transaction without the  
3 express written consent of the customer. If arrangements are  
4 available to have the premium related to a mortgage or loan  
5 added to the monthly mortgage or loan payment, any promotional  
6 material may be worded to indicate that the insured may add  
7 his premium to his payment if he so desires. The material may  
8 not state that the premium must or will be added to the  
9 payment. If the lender is to benefit from the proceeds of the  
10 insurance policy, the insured shall execute, where applicable,  
11 the routine assignment form normally used by the lender. The  
12 execution of any assignment form must be done as a separate  
13 transaction and not as part of the application form.

14 2. All claims filed by the insured with the financial  
15 institution that holds a security interest in the insured risk  
16 shall be promptly transmitted to the insurer or its designated  
17 claim agent or representative.

18 (6) The department shall adopt rules necessary to  
19 carry out the provisions of this section. All insurers or  
20 agents doing business in this state must comply with such  
21 rules and with any other applicable rules adopted by the  
22 department. An insurer or agent may not issue any policy of  
23 insurance that is not in conformity with applicable provisions  
24 of the Florida Insurance Code or rules adopted thereunder.

25 (7) Any person who requires a purchaser or borrower to  
26 maintain insurance in connection with the sale of property may  
27 not purchase, at the expense of the purchaser or borrower,  
28 insurance that is solely for the benefit of the seller or  
29 lender, except in accordance with rules adopted by the  
30 department. The rules must provide for fair disclosure to the  
31 purchaser or borrower; reasonable opportunity for the

1 purchaser or borrower to obtain dual coverage; contents of  
2 certificates of insurance; and procedures for the placement,  
3 cancellation, and reinstatement of single-interest insurance  
4 by the seller or lender which gives the purchaser or borrower  
5 a reasonable opportunity to obtain coverage independently so  
6 as to avoid charges for single-interest insurance.

7 (8) The department shall adopt rules to prevent  
8 coercion of borrowers. Such rules must prescribe the rights of  
9 borrowers and lenders and establish policies, standards, and  
10 procedures to protect borrowers from coercion by lenders.

11 Section 14. Section 626.9881, Florida Statutes, is  
12 created to read:

13 626.9881 Rulemaking authority regarding the marketing  
14 of insurance in conjunction with persons not licensed as  
15 insurance agents.--The department shall adopt rules  
16 establishing requirements for relationships between insurance  
17 agents and persons who are not licensed as insurance agents in  
18 the marketing and servicing of insurance and annuity  
19 contracts. The department shall adopt rules establishing  
20 requirements to implement chapter 624 and this chapter with  
21 respect to the marketing and servicing of such contracts. The  
22 rules must establish affirmative requirements necessary to  
23 enable an individual to understand that insurance is being  
24 sold when insurance solicitations occur in cooperation with a  
25 third party that engages in activities other than the  
26 transaction of insurance.

27 Section 15. Paragraph (c) of subsection (2) of section  
28 627.062, Florida Statutes, is amended to read:

29 627.062 Rate standards.--

30 (2) As to all such classes of insurance:

31

1 (c) In the case of fire insurance rates, consideration  
2 shall be given to the availability of water supplies and the  
3 experience of the fire insurance business during a period of  
4 not less than the most recent 5-year period for which such  
5 experience is available.

6  
7 The provisions of this subsection shall not apply to workers'  
8 compensation and employer's liability insurance and to motor  
9 vehicle insurance.

10 Section 16. Subsection (4) is added to section  
11 627.0625, Florida Statutes, to read:

12 627.0625 Commercial property and casualty risk  
13 management plans.--

14 (4) Any commercial motor vehicle policy that is issued  
15 to satisfy mandatory financial responsibility requirements of  
16 a state or local government must provide first-dollar coverage  
17 to third-party claimants without a deductible. The department  
18 may adopt rules necessary to assure the proper administration  
19 of claims and protection of third-party claimants from unfair  
20 policy defenses not attributable to the third-party claimant.

21 Section 17. Section 627.385, Florida Statutes, is  
22 created to read:

23 627.385 Conduct of residual market board members.--

24 (1)(a) For various insurance coverages, a residual  
25 market has been created by the Legislature to provide a market  
26 of last resort for individuals who are unable to secure  
27 coverage in the voluntary market. As such, the coverage  
28 provided is not subject to competitive market forces and must  
29 be provided and administered in a manner that fairly balances  
30 the needs of the consumer and the member insurers obligated to  
31 provide coverage for the residual market.

1           (b) Each residual market's enabling legislation  
2 requires the establishment of a board of governors or  
3 directors that operates subject to a plan of operation. The  
4 board, in carrying out its obligations, must engage in  
5 business transactions in order to provide and administer the  
6 required coverage and maintain adequate funds to support the  
7 plan. In order for the board to fully execute its  
8 responsibilities required by law, conflict of interest or  
9 inappropriate activity by board members, or the appearance  
10 thereof, with regard to member insurers or policyholders of  
11 the residual market mechanism must be avoided. The Legislature  
12 has determined that the provisions set forth in subsection (2)  
13 are necessary to protect the public by ensuring fair,  
14 reasonable, and beneficial board practice and activity.

15           (c) This section applies to the Florida Medical  
16 Malpractice Joint Underwriting Association, the Florida Joint  
17 Underwriting Association, the Florida Comprehensive Health  
18 Association, the Florida Windstorm Underwriting Association,  
19 the Florida Property and Casualty Joint Underwriting  
20 Association, the Florida Residential Property and Casualty  
21 Joint Underwriting Association, and the board members thereof.

22           (2) To ensure that the board is free from potential  
23 conflict or inappropriate behavior, the following shall be  
24 adopted in the plan of operation for each residual market in  
25 this state.

26           (a) A board member may not act as a servicing carrier  
27 or administering entity for the plan, except with respect to a  
28 claim adjustment contract that is open to all members of the  
29 plan.

30           (b) A board member or representative of a board member  
31 may not use his or her position to foster or facilitate any

1 pecuniary gain for himself or herself, the member's or  
2 representative's company, or any other entity in which the  
3 board member, representative, or company has a substantial  
4 financial interest, except as otherwise provided in paragraph  
5 (a).

6 (c) A board member or representative of a board member  
7 may not use his or her position on the board to secure or  
8 promote any business relation from which he or she may derive  
9 a financial gain.

10 (d) A board member or designee may not receive any  
11 gift or gratuity, other than meals, in his or her capacity as  
12 a board member.

13 (3) A board member or representative of a board member  
14 is entitled to reimbursement for reasonable expenses incurred  
15 in the performance of his or her duties in accordance with s.  
16 112.061. The board shall develop a detailed policy regarding  
17 travel expenses for board members which is subject to approval  
18 by the department.

19 Section 18. Section 627.4065, Florida Statutes, is  
20 created to read:

21 627.4065 Insured's right to return policy; notice.--A  
22 health insurance policy delivered or issued for delivery in  
23 this state must have printed or stamped thereon or attached  
24 thereto a notice in a prominent place stating in substance  
25 that the policyholder may return the policy within 10 days  
26 after its delivery to the insurer and to have the premium paid  
27 refunded if, after examination of the policy or contract, the  
28 policyholder is not satisfied with it for any reason. The  
29 notice must provide that if the policyholder pursuant to such  
30 notice returns the policy or contract to the insurer at its  
31 home office or branch office or to the agent through whom it

1 was purchased, the policy or contract is void from the  
2 beginning and the parties are in the same position as if the  
3 policy or contract had not been issued. This section does not  
4 apply to a single premium nonrenewable policy or a travel  
5 accident policy.

6 Section 19. Section 627.4086, Florida Statutes, is  
7 created to read:

8 627.4086 Statement that application has been read.--

9 (1) A policy of disability insurance may not be  
10 delivered to any person in this state unless it contains a  
11 notice stating in substance the following:

12  
13 IMPORTANT NOTICE

14  
15 Please read the copy of the application attached to this  
16 policy. Carefully check the application and write to the  
17 company .....(address)..... within 10 days if any  
18 information shown on it is not correct and complete, or if any  
19 past medical history has been left out of the application.  
20 This application is a part of the policy and the policy was  
21 issued on the basis that the answers to all questions and the  
22 information shown on the application are correct and complete.

23  
24 This statement must be printed on or affixed by sticker to the  
25 policy in a prominent manner in ink of a contrasting color.  
26 Any wording of similar import or any procedure whereby the  
27 equal results are obtained may be used upon approval by the  
28 department.

29 (2) This section does not apply if the application for  
30 insurance is not attached to and made a part of the policy.

31

1           Section 20. Section 627.41335, Florida Statutes, is  
2 created to read:

3           627.41335 Statement of terms; acknowledgment by  
4 insured required.--An agent, in handling an application for  
5 health insurance, must obtain from the applicant a signed  
6 statement acknowledging that the applicant understands that  
7 upon proper notice the company may terminate the insurance at  
8 the end of any period for which the premium has been paid or  
9 may cancel the policy if it contains a cancellation provision.  
10 The statement may be a part of the application itself or may  
11 be separate. The statement may be obtained at the time of the  
12 application, before the policy is delivered, or when the  
13 policy is delivered. The wording of the statement must be as  
14 follows: "I am aware that the company may terminate this  
15 insurance at the end of any period for which the premium has  
16 been paid." Different wording of similar import may be  
17 approved by the department so as to accurately describe  
18 different renewal conditions or provisions in line with the  
19 terms of the contract. If this statement is on the  
20 application, it must be isolated or separated, and a separate  
21 signature is required at the end of the statement. The signed  
22 statement must be kept on file by the insurer.

23           Section 21. Section 627.41337, Florida Statutes, is  
24 created to read:

25           627.41337 Noncancelable or noncancelable and  
26 guaranteed renewable policies; use of terms.--The terms  
27 "noncancelable" or "noncancelable and guaranteed renewable"  
28 may be used only in a policy that the insured has the right to  
29 continue in force by the timely payment of premiums set forth  
30 in the policy until at least age 50, or, in the case of a  
31 policy issued after age 44, the insurer may not unilaterally

1 make any change in any provision of the policy for at least 5  
2 years while the policy is in force. Except as provided in this  
3 section, the term "guaranteed renewable" may be used only in a  
4 policy that the insured has the right to continue in force by  
5 the timely payment of premiums until at least age 50, or, in  
6 the case of a policy issued after age 44, for at least 5 years  
7 after its date of issue the insurer may not unilaterally make  
8 any change in any provision of the policy while the policy is  
9 in force, except that the insurer may make changes in premium  
10 rates by classes. This limitation on the use of the term  
11 "noncancelable" also applies to any synonymous term such as  
12 "not cancelable" and the limitation on the use of the term  
13 "guaranteed renewable" also applies to any synonymous term  
14 such as "guaranteed continuable." This section does not  
15 restrict the development of a policy that has other guarantees  
16 of renewability, and does not prevent the accurate description  
17 of the terms of renewability or the classification of any such  
18 policy as guaranteed renewable or noncancelable for any period  
19 during which the policy may actually be guaranteed renewable  
20 or noncancelable, if the terms used to describe guarantees of  
21 renewability in policy contracts and advertising are not terms  
22 that are readily confused with the terms "noncancelable" or  
23 "noncancelable and guaranteed renewable."

24 Section 22. Paragraph (a) of subsection (2) of section  
25 627.429, Florida Statutes, is amended to read:

26 627.429 Medical tests for human immunodeficiency virus  
27 infection and acquired immune deficiency syndrome for  
28 insurance purposes.--

29 (2) SCOPE.--

30 (a) This section applies to all insurance policies,  
31 and the underwriting thereof, which are issued in this state



1 or are issued outside this state pursuant to s. 627.5515 or s.  
2 627.6515 covering residents of this state; to prepaid limited  
3 health organizations;and to multiple-employer welfare  
4 arrangements defined in s. 624.437. For the purposes of this  
5 section, "insurer" includes authorized multiple-employer  
6 welfare arrangements.

7 Section 23. Section 627.4305, Florida Statutes, is  
8 created to read:

9 627.4305 Rulemaking.--In exercising its authority to  
10 adopt rules interpreting or implementing this part as provided  
11 in s. 624.308, the department may make distinctions between  
12 individual insurance policies and group, franchise, or blanket  
13 insurance policies, and between various types or lines of  
14 insurance. Such distinctions in the rules shall be based on  
15 the varying degrees of consumer protection that the department  
16 finds necessary.

17 Section 24. Subsection (11) is added to section  
18 627.481, Florida Statutes, to read:

19 627.481 Requirements for certain annuity agreements.--  
20 (11) The department shall adopt rules and forms for  
21 the filing of annual statements and agreements pertaining to  
22 donor annuity organizations.

23 Section 25. Section 627.7276, Florida Statutes, is  
24 created to read:

25 627.7276 Notice of limited coverage.--

26 (1) Any insurance agent that undertakes to place only  
27 insurance for property damage liability coverage on a motor  
28 vehicle as defined by the Florida Motor Vehicle No-Fault Law  
29 shall personally obtain from the prospective insured or  
30 applicant a signed form acknowledging the requirement that  
31 security be maintained pursuant to the Florida Motor Vehicle

1 No-Fault Law. The signed form must be maintained by the  
2 insurance agent in his files and must contain the following  
3 text:  
4  
5 The undersigned prospective insured hereby acknowledges that  
6 the Florida Motor Vehicle No-Fault Law requires an owner of a  
7 motor vehicle, as defined by the law, to maintain security to  
8 comply with said law, and further understands that any motor  
9 vehicle policy not providing personal injury protection  
10 benefits does not comply with said law.  
11  
12 Failure to maintain security required by the Florida Motor  
13 Vehicle No-Fault Law will result in the owner's being  
14 personally liable for all benefits provided by law in addition  
15 to revocation of the owner's registration and operator's  
16 license.  
17  
18 .....(Signed).....  
19 .....Licensed Agent.....  
20  
21 .....(Signed).....  
22 .....Prospective Insured.....  
23  
24 (2) An automobile policy that does not contain  
25 coverage for bodily injury and property damage must be clearly  
26 stamped or printed to the effect that such coverage is not  
27 included in the policy in the following manner: "THIS POLICY  
28 DOES NOT PROVIDE BODILY INJURY AND PROPERTY DAMAGE LIABILITY  
29 INSURANCE OR ANY OTHER COVERAGE FOR WHICH A SPECIFIC PREMIUM  
30 CHARGE IS NOT MADE, AND DOES NOT COMPLY WITH ANY FINANCIAL  
31 RESPONSIBILITY LAW." This legend must appear on the policy

1 declaration page and on the filing back of the policy and  
2 shall be printed in a contrasting color from that used on the  
3 policy and in type larger than the largest type used in the  
4 text thereof, either as an overprint or by a rubber-stamp  
5 impression.

6 Section 26. Subsection (5) is added to section  
7 627.7282, Florida Statutes, to read:

8 627.7282 Notice of additional premium; cancellation  
9 upon nonpayment.--

10 (5) The department may adopt rules prescribing the  
11 format of the notice and the required time period for  
12 providing the notice.

13 Section 27. Section 627.795, Florida Statutes, is  
14 created to read:

15 627.795 Policy exceptions.--

16 (1) A title insurance commitment shall be issued on  
17 all real estate closing transactions when a title insurance  
18 policy is to be issued, except multiple conveyances on the  
19 same property, such as timesharing conveyances.

20 (2) A "gap" exception may not be deleted on a title  
21 insurance commitment until the time of closing.

22 Section 28. Section 627.796, Florida Statutes, is  
23 created to read:

24 627.796 Errors and omissions policy requirements.--A  
25 title insurance policy may not be issued from a search  
26 performed by any person other than a title insurance agent, or  
27 an employee of a title insurer or title insurance agency,  
28 unless that person has in effect an errors and omissions  
29 policy that has minimum coverage limits of \$250,000 and a  
30 deductible that does not exceed \$10,000.

31

1           Section 29. Section 627.797, Florida Statutes, is  
2 created to read:

3           627.797 Exempt agent list.--

4           (1) Every insurer shall file with the department a  
5 list containing the name and address of each appointed agent  
6 who is exempt from licensure under s. 626.8417(4) and who  
7 issues or countersigns binders, commitments, title insurance  
8 policies, or guarantees of title.

9           (2) Each month thereafter, the insurer shall report to  
10 the department the name and address of any nonlicensed agent  
11 whose appointment is granted or terminated.

12           Section 30. Section 627.798, Florida Statutes, is  
13 created to read:

14           627.798 Rulemaking authority.--The department shall by  
15 rule adopt a form to be used to provide notice to a  
16 purchaser-mortgagor that the purchaser-mortgagor is not  
17 protected by the title policy of the mortgagee.

18           Section 31. Section 627.8405, Florida Statutes, is  
19 amended to read:

20           627.8405 Prohibited acts; financing companies.--No  
21 premium finance company shall, in a premium finance agreement  
22 or other agreement, finance the cost of or otherwise provide  
23 for the collection or remittance of dues, assessments, fees,  
24 or other periodic payments of money for the cost of:

25           (1) A membership in an automobile club. The term  
26 "automobile club" means a legal entity which, in consideration  
27 of dues, assessments, or periodic payments of money, promises  
28 its members or subscribers to assist them in matters relating  
29 to the ownership, operation, use, or maintenance of a motor  
30 vehicle; however, this definition of "automobile club" does  
31 not include persons, associations, or corporations which are

1 organized and operated solely for the purpose of conducting,  
2 sponsoring, or sanctioning motor vehicle races, exhibitions,  
3 or contests upon racetracks, or upon racecourses established  
4 and marked as such for the duration of such particular events.  
5 The words "motor vehicle" used herein have the same meaning as  
6 defined in chapter 320.

7 (2) An accidental death and dismemberment policy sold  
8 in combination with a personal injury protection and property  
9 damage only policy.

10 (3) Any product not regulated under the provisions of  
11 this insurance code.

12

13 This section also applies to premium financing by any  
14 insurance agent or insurance company under part XVI. The  
15 department shall adopt ~~promulgate~~ rules to assure disclosure,  
16 at the time of sale, of coverages financed with personal  
17 injury protection and shall prescribe the form of such  
18 disclosure.

19 Section 32. Subsection (3) is added to section  
20 627.848, Florida Statutes, to read:

21 627.848 Cancellation of insurance contract upon  
22 default.--

23 (3) The department shall adopt a standard cancellation  
24 notice for use by premium finance companies in canceling  
25 insurance policies. The department shall specify the color of  
26 the notice so as to promote usability and standardization.

27 Section 33. Subsection (1) of section 627.918, Florida  
28 Statutes, is amended to read:

29 627.918 Reporting formats.--

30 (1) The department shall require that the reporting  
31 provided for in this part be made on forms approved

1 ~~established~~ by the department or in a format compatible with  
2 its electronic data processing equipment. The department shall  
3 establish by rule standards for approving the forms.

4 Section 34. Section 627.955, Florida Statutes, is  
5 created to read:

6 627.955 Limitation on deductibles.--A purchasing group  
7 may not purchase insurance that provides for a deductible or  
8 self-insured retention that is applicable to the group as a  
9 whole. However, coverage may provide for a deductible or  
10 self-insured retention that is applicable to individual  
11 members.

12 Section 35. Subsection (3) is added to section  
13 635.071, Florida Statutes, to read:

14 635.071 Filings, approval of forms; rate filings.--

15 (3) An insurer may not insure mortgages that are  
16 offered for sale to the public by advertisement, whether in  
17 newspapers, brochures, direct mailings, or similar media, if  
18 the advertisement expressly or impliedly represents or  
19 stresses that the worth, value, or safety of the mortgage  
20 investment arises by virtue of the proposed mortgage guaranty  
21 insurance rather than by virtue of the safety inherent in the  
22 value of the underlying security as it relates to the face  
23 value of the mortgage debt, or if the advertisement stresses  
24 the fact that the mortgage guaranty insurance is regulated by  
25 an agency of the state or Federal Government.

26 Section 36. Section 636.0225, Florida Statutes, is  
27 created to read:

28 636.0225 Conversion on termination of eligibility.--A  
29 group prepaid limited health service contract delivered or  
30 issued for delivery in this state by a prepaid limited health  
31 service organization must provide that a subscriber or covered

1 dependent whose coverage under the group prepaid limited  
2 health service contract has been terminated for any reason,  
3 including discontinuance of the group prepaid limited health  
4 service contract in its entirety or with respect to a covered  
5 class, and who has been continuously covered under the group  
6 prepaid limited health service contract or under any group  
7 prepaid limited health service contract that provides similar  
8 benefits which it replaces, for at least 3 months immediately  
9 prior to termination, is entitled to have issued to him or her  
10 by the prepaid limited health service organization a prepaid  
11 limited health service contract, referred to in this section  
12 as a "converted contract." A subscriber or covered dependent  
13 is not entitled to have a converted contract issued to him or  
14 her if termination of his or her coverage under the group  
15 prepaid limited health service contract occurred for any of  
16 the following reasons:

- 17       (1) Failure to pay any required premium or  
18 contribution, unless such nonpayment was due to acts of an  
19 employer or person other than the individual;  
20       (2) Replacement of any discontinued group coverage by  
21 similar group coverage within 31 days;  
22       (3) Fraud or material misrepresentation in applying  
23 for any benefits under the prepaid limited health service  
24 contract;  
25       (4) Willful and knowing misuse of the prepaid limited  
26 health service organization identification membership card by  
27 the subscriber;  
28       (5) Willfully and knowingly furnishing incorrect or  
29 incomplete information to the organization for the purpose of  
30 fraudulently obtaining coverage or benefits from the  
31 organization;

1           (6) The subscriber has left the geographic area of the  
2 prepaid limited health service organization with the intent to  
3 relocate or establish a new residence outside the  
4 organization's geographic area; or

5           (7) The subscriber or covered dependent was  
6 disenrolled for cause. A prepaid limited health service  
7 organization may disenroll a subscriber for cause only if the  
8 subscriber's behavior is disruptive, unruly, abusive, or  
9 uncooperative to the extent that his or her continuing  
10 membership in the organization seriously impairs the  
11 organization's ability to furnish services to the subscriber  
12 or other subscribers, and if the organization has:

13           (a) Made a serious effort to resolve the problem  
14 presented by the subscriber, including the use or attempted  
15 use of grievance procedures;

16           (b) Ascertained that the subscriber's behavior does  
17 not directly result from an existing medical condition; and

18           (c) Documented the problems, efforts, and medical  
19 conditions, as described in this subsection.

20           Section 37. Section 636.0226, Florida Statutes, is  
21 created to read:

22           636.0226 Conversion contracts; conditions.--Issuance  
23 of a converted prepaid limited health services contract is  
24 subject to the following conditions:

25           (1) TIME LIMIT.--Written application for a converted  
26 prepaid limited health services contract must be made and the  
27 first premium paid to the prepaid limited health service  
28 organization not later than 63 days after such termination.  
29 However, if termination was the result of failure to pay any  
30 required premium or contribution and such nonpayment of  
31 premium was due to acts of an employer, group contract holder,



1 or person other than the subscriber, written application for  
2 the contract must be made and the first premium must be paid  
3 not later than 63 days after notice of termination is mailed  
4 by the organization, the employer, or person, whichever is  
5 earlier, to the subscriber's last address as shown by the  
6 record of the organization, whichever is applicable. In the  
7 case of termination due to nonpayment of premium by the group  
8 contract holder, the premium for the converted contract may  
9 not exceed the rate for the prior group coverage for the  
10 period of coverage under the converted contract prior to the  
11 date notice of termination is mailed to the employee or  
12 individual subscriber. For the period of coverage after such  
13 date, the premium for the converted contract is subject to the  
14 requirements of subsection (3).

15 (2) EVIDENCE OF INSURABILITY.--The converted contract  
16 shall be issued without evidence of insurability.

17 (3) CONVERSION PREMIUM.--The premium for the converted  
18 contract shall be determined in accordance with premium rates  
19 applicable to the age and class of risk of each person to be  
20 covered under the converted contract and to the type and  
21 amount of coverage provided. However, the premium for the  
22 converted contract may not exceed 200 percent of the prior  
23 premium. The mode of payment for the converted contract shall  
24 be quarterly or more frequently at the option of the  
25 organization, unless otherwise mutually agreed upon between  
26 the subscriber and the organization.

27 (4) EFFECTIVE DATE OF COVERAGE.--The effective date of  
28 the converted contract shall be the day following the  
29 termination of coverage under the group prepaid limited health  
30 service contract. However, until application is made and the  
31 first premium is paid, the prepaid limited health service

1 organization may charge the subscriber, on a fee-for-service  
2 basis, for any services rendered to the subscriber after the  
3 date on which the subscriber ceases to be eligible under the  
4 group prepaid limited health service contract. When  
5 application is made and the first premium is paid, the  
6 organization shall reimburse the subscriber for any payment  
7 made by the subscriber for covered services under the  
8 converted contract.

9 (5) SCOPE OF COVERAGE.--The converted contract shall  
10 cover the subscriber or dependents who were covered by the  
11 group prepaid limited health service contract on the date of  
12 termination of coverage. At the option of the prepaid limited  
13 health service organization, a separate converted contract may  
14 be issued to cover any dependent.

15 (6) OPTIONAL COVERAGE.--

16 (a) The prepaid limited health service organization is  
17 not required to issue a converted prepaid limited health  
18 service contract covering any person if:

19 1. The person is covered for similar benefits by  
20 another policy or plan;

21 2. The person is eligible for similar benefits,  
22 whether or not covered therefor, under any arrangement of  
23 coverage for individuals in a group, whether on an insured or  
24 uninsured basis; or

25 3. Similar benefits are provided for or are available  
26 to the person pursuant to or in accordance with the  
27 requirements of any state or federal law.

28 (b) A converted prepaid limited health service  
29 contract may include a provision whereby the prepaid limited  
30 health service organization may request information, in  
31 advance of any premium due date of a prepaid limited health

1 service contract, of any person covered thereunder as to  
2 whether:  
3 1. She or he is covered for similar benefits by  
4 another policy or plan;  
5 2. She or he is covered for similar benefits under any  
6 arrangement of coverage for individuals in a group, whether on  
7 an insured or uninsured basis; or  
8 3. Similar benefits are provided for or are available  
9 to the person pursuant to or in accordance with the  
10 requirements of any state or federal law.  
11 (7) REASONS FOR CANCELLATION; TERMINATION.--The  
12 converted prepaid limited health service contract must contain  
13 a cancellation or nonrenewability clause that provides that  
14 the prepaid limited health service organization may refuse to  
15 renew the contract of any person covered under the contract,  
16 but cancellation or nonrenewal must be limited to one or more  
17 of the following reasons:  
18 (a) Fraud or intentional misrepresentation in applying  
19 for any benefits under the converted prepaid limited health  
20 service contract.  
21 (b) Disenrollment for cause, after following the  
22 procedures outlined by the prepaid limited health services  
23 organization.  
24 (c) Willful and knowing misuse of the prepaid limited  
25 health service organization identification membership card by  
26 the subscriber or the willful and knowing furnishing to the  
27 organization by the subscriber of incorrect or incomplete  
28 information for the purpose of fraudulently obtaining coverage  
29 or benefits from the organization.  
30 (d) Failure, after notice, to pay required premiums.  
31

1       (e) The subscriber has left the geographic area of the  
2 prepaid limited health service organization with the intent to  
3 relocate or establish a new residence outside the  
4 organization's geographic area.

5       (f) A dependent of the subscriber has reached the  
6 limiting age under the converted contract, subject to  
7 subsection (12); however the refusal to renew coverage applies  
8 only to coverage of the dependent, except in the case of  
9 handicapped children.

10       (g) A change in marital status which makes a person  
11 ineligible under the original terms of the converted contract,  
12 subject to subsection (12).

13       (8) BENEFITS OFFERED.--A prepaid limited health  
14 service organization is not required to issue a converted  
15 contract that provides benefits in excess of those provided  
16 under the group prepaid limited health service contract from  
17 which conversion is made. The converted prepaid limited health  
18 service contract must meet the requirements of law pertaining  
19 to prepaid limited health service contracts and must include a  
20 level of benefits for minimum services which is substantially  
21 similar to the level of benefits for these services included  
22 in the group prepaid limited health service organization  
23 contract from which the termination is made.

24       (9) PREEXISTING-CONDITION PROVISION.--The converted  
25 prepaid limited health service contract may not exclude a  
26 preexisting condition that is not excluded by the group  
27 contract. However, the converted prepaid limited health  
28 service contract may provide that any coverage benefits may be  
29 reduced by the amount of any coverage or benefits under the  
30 group prepaid limited health service contract after the  
31 termination of the person's coverage or benefits under the

1 contract. The converted prepaid limited health service  
2 contract may also include provisions so that during the first  
3 coverage year the coverage or benefits under the converted  
4 contract, together with the coverage or benefits under the  
5 group prepaid limited health service contract, may not exceed  
6 those that would have been provided if the individual's  
7 coverage or benefits under the group contract had remained in  
8 force and effect.

9 (10) CONVERSION PRIVILEGE ALLOWED.--Subject to the  
10 conditions set forth in this section, the conversion privilege  
11 shall also be available to:

12 (a) The surviving spouse, if any, at the death of the  
13 subscriber, with respect to the spouse and such children whose  
14 coverages under the group prepaid limited health service  
15 contract terminate by reason of such death, otherwise to each  
16 surviving child whose coverage under the group prepaid limited  
17 health service contract terminates by reason of such death or,  
18 if the group contract provides for continuation of dependents'  
19 coverages following the subscriber's death, at the end of such  
20 continuation;

21 (b) The former spouse whose coverage would otherwise  
22 terminate because of annulment or dissolution of marriage, if  
23 the former spouse is dependent for financial support;

24 (c) The spouse of the subscriber upon termination of  
25 coverage of the spouse, while the subscriber remains covered  
26 under the group prepaid limited health service contract, by  
27 reason of ceasing to be a qualified family member under the  
28 group prepaid limited health service contract, with respect to  
29 the spouse and such children whose coverages under the group  
30 prepaid limited health service contract terminate at the same  
31 time; or

1           (d) A child solely with respect to herself or himself  
2 upon termination of the child's coverage by reason of ceasing  
3 to be a qualified family member under the group prepaid  
4 limited health service contract or under any converted  
5 contract, if a conversion privilege is not otherwise provided  
6 under this subsection with respect to such termination.

7           (11) GROUP COVERAGE IN LIEU OF INDIVIDUAL  
8 COVERAGE.--The prepaid limited health service organization may  
9 elect to provide group prepaid limited health service  
10 organization coverage through a group converted contract in  
11 lieu of the issuance of an individual converted contract.

12           (12) NOTIFICATION.--A notification of the conversion  
13 privilege must be included in each prepaid limited health  
14 service contract and in any certificate or member's handbook.  
15 The organization shall mail an election and premium notice  
16 form, including an outline of coverage, on a form approved by  
17 the department, within 14 days after any individual who is  
18 eligible for a converted prepaid limited health service  
19 contract gives notice to the organization that the individual  
20 is considering applying for the converted contract or  
21 otherwise requests such information. The outline of coverage  
22 must contain a description of the principal benefits and  
23 coverage provided by the contract and its principal exclusions  
24 and limitations, including, but not limited to, deductibles  
25 and coinsurance.

26           Section 38. Section 648.4425, Florida Statutes, is  
27 amended to read:

28           648.4425 Notice.--Upon issuing a bond, the bail bond  
29 agent shall provide to the principal and, if applicable, to  
30 the party rendering collateral or indemnifying the principal  
31 an informational notice which shall include:

1 (1) A statement noting with particularity the  
2 restrictions, if any, placed on the principal as a condition  
3 of the bond;

4 (2) A statement of the bail bond agent's powers  
5 relating to the cancellation of the bond and recommitment of  
6 the principal; and

7 (3) The name, address, and telephone number of the  
8 department for complaints or inquiries.

9  
10 The department shall prescribe forms to administer this  
11 section.

12 Section 39. Subsection (6) is added to section  
13 651.033, Florida Statutes, to read:

14 651.033 Escrow accounts.--

15 (6) The department is a party in interest and a  
16 required signator to any escrow agreement or letter of credit  
17 and to any amendment to an escrow agreement or letter of  
18 credit.

19 Section 40. Subsection (4) is added to section  
20 791.015, Florida Statutes, to read:

21 791.015 Registration of manufacturers, distributors,  
22 wholesalers, and retailers of sparklers.--

23 (4) RULES.--The State Fire Marshal may adopt rules  
24 establishing a form to be used by entities wishing to do  
25 business in this state pursuant to this section.

26 Section 41. This act shall take effect upon becoming a  
27 law.

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SENATE SUMMARY

Revises various provisions pertaining to the regulatory authority of the Department of Insurance. Revises requirements for regulating the operation of boilers. Provides for rules governing market conduct examinations. Provides for rules governing certain applications by foreign insurers. Requires that health insurers provide information to the department pertaining to the training and instruction of agents. Provides for rules governing certain investments by domestic life insurers. Provides for rules governing the license application process for insurance representatives. Revises requirements for course providers, instructors, and other groups that provide prelicensure education for insurance agents and other licensees. Provides for rules governing the appointment of customer representatives. Prohibits certain discriminatory practices with respect to motor vehicle insurance. Provides additional requirements for insurance sold in connection with an extension of credit or the sale or lease of goods or services. Revises requirements for insurers and rating organizations in establishing rates. Provides for rules governing claims under commercial motor vehicle policies. Requires that the residual market boards adopt rules to prevent conflicts of interest and inappropriate behavior. Revises provisions governing the issuance of health insurance. Limits the use of the terms "noncancelable" or "noncancelable and guaranteed renewable" by insurers. Requires that motor vehicle policies that do not provide coverage for bodily injury and property damage liability or that do not comply with the Florida Motor Vehicle No-Fault Law contain certain notice provisions. Provides additional requirements for title insurance commitments and persons performing title searches. Requires that group prepaid limited health service contracts provide for conversion upon termination of eligibility. Provides requirements for such conversion contracts. Authorizes the State Fire Marshal to adopt registration forms for use by sparkler manufacturers and distributors. (See bill for details.)