

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1067 Communications Equipment Property Insurance
SPONSOR(S): Domino, Clarke
TIED BILLS: **IDEN./SIM. BILLS:** SB 2294

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Insurance Regulation (Sub)		Cheek	Schulte
2) Insurance			
3) Appropriations			
4)			
5)			

SUMMARY ANALYSIS

“Limited lines agents” are individuals or entities licensed as insurance agents whose activities are limited to selling one or more of the following lines of insurance (each requiring a separate license): motor vehicle physical damage and mechanical breakdown, industrial fire or burglary, personal accident, baggage and motor vehicle excess liability, credit, credit life or disability, credit property, crop hail and multiple peril crop insurance, or in-transit and storage personal property.

Current law allows wireless equipment vendors to apply for a limited agent’s license to sell insurance on their equipment, such as theft and property coverage on cell phones. The limited license allows regulation by the Office of Insurance Regulation, but does not require testing and educational requirements.

The bill authorizes persons holding a limited license for communications equipment to sell coverage under group policies, and exempts these licensees from fingerprinting requirements.

The bill does not appear to have a fiscal impact on state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

Background

Classification of Agents: General Lines and Limited Lines

Insurance agents may be classified according to the number of products they may sell, the type of products they sell, and their place of residency. A "general lines agent," is authorized under state law to transact any or all of the following lines of insurance: property, casualty, surety, health, and marine insurance. "Limited lines agents" are individuals or entities licensed as agents, but limited to selling one or more of the following forms of insurance (each requiring a separate license): motor vehicle physical damage and mechanical breakdown, industrial fire or burglary, personal accident, baggage and motor vehicle excess liability, credit, credit life or disability, credit property, crop hail and multiple peril crop insurance, or in-transit and storage personal property. General lines agents also may transact limited lines of insurance other than personal accident and crop insurance products.

Licensing of Agents

Insurance representatives are required by Florida law to be licensed by the Department of Financial Services prior to transacting business in the state. The department issues approximately 70 different types of insurance licenses. An applicant for a general lines license, among other conditions for licensure and with certain exceptions, must satisfy pre-licensing education, experience, or instruction requirements and pass an examination. Applicants for a limited license generally do not have to satisfy any pre-licensing education or examination requirements to be licensed.

Insurance Coverage for Communication Equipment

Coverage for the loss, theft, mechanical failure, damage or malfunctioning of communication equipment (e.g. cellular phones, laptop computers, personal digital assistants) is a form of property insurance. As a form of property insurance, it can only be sold through general lines agents, unless authorized as a limited line of insurance. The Legislature has not authorized a limited line of insurance specifically tailored to communications equipment.

Depending on the particular circumstances, personal communications equipment may be covered against theft and damage under a homeowners' insurance and automobile insurance policy. However, homeowners' insurance and automobile insurance typically require a deductible payment. The consumer also may be covered for mechanical defects or malfunctioning through a product warranty from the manufacturer or an extended warranty purchased from the retailer or manufacturer.

Change in Current Law

The bill allows a person holding a limited license for communications equipment to sell coverage under a group master policy. The bill also provides an exemption from the fingerprinting requirements for individuals and entities that apply for a limited license to market these products.

C. SECTION DIRECTORY:

Section 1: Amends section 626.321, F.S. – *Limited Licenses*.

Section 2: Provides that the act takes effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Individuals and entities applying for a limited lines license will not be required to submit fingerprints.

D. FISCAL COMMENTS:

The bill does not appear to have a fiscal impact on state or local government.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to expend funds.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.