

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2364

SPONSOR: Banking and Insurance Committee and Senator Diaz de la Portilla

SUBJECT: Insurance Agents

DATE: April 10, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Emrich</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The Committee Substitute for Senate Bill 2364 provides for comprehensive changes to Florida’s insurance agent licensing laws in the following manner:

- Confirms insurance licensing provisions to the National Association of Insurance Commissioner’s (NAIC) “Model Act” to provide that applicants for licensure must be at least 18 years of age and United States citizens, or legal aliens who possess work authorization from the U.S. Immigration and Naturalization Service (INS).
- Confirms insurance continuing education (CE) and prelicensing education to the NAIC Model Act by requiring that all courses utilized by licensees include 3 hours of training on the subject matter of ethics and reduces the number of required hours for specified licensees.
- Provides that the prohibition against "sliding" apply to all lines of insurance; not just motor vehicle insurance.¹
- Provides for compliance with the Federal Bureau of Investigation’s (FBI) requirement that Florida’s insurance licensing provisions expressly authorize the use of FBI records for the screening of applicants for licensure.

¹ Under s. 626.9541(1)(z), F.S., “sliding” is defined as representing to the applicant that a specific ancillary coverage or product is required by law in conjunction with the purchase of motor vehicle insurance when such coverage or product is not required; representing that such coverage is included in the vehicle policy applied for without an additional charge when such charge is required; or charging an applicant for such ancillary coverage, in addition to the cost of the motor vehicle insurance coverage applied for, without the informed consent of the applicant. Sliding is deemed an “unfair or deceptive act” under the Insurance Code and persons who violate this or other specified deceptive acts are subject to fines and other penalties.

- Provides for the automation of the appointment functions to permit persons designated by the Department of Financial Services (Department) to carry out the appointment of licensees.²
- Increases the allowable maximum face value of a preneed burial insurance contract that agents may sell under contract with a funeral director from \$10,000 to \$12,500 plus an annual percentage increase based on the annual consumer price index.
- Increases the per-policy fee cap from \$10 to \$20 that a general lines agent may charge on motor vehicle policies.
- Provides for renewal late filing fees and delinquent fees pertaining to appointments and for continuing education fees applicable only to adjusters.
- Clarifies that the applicant for a temporary bail bond license must be employed full-time by a licensed bail bond person at the time of application and provides for rule authority for the Department to establish standards for such employment. Provides a presumption that the insurer performed a background investigation and found the bond person to be of good moral character.
- Simplifies the application process for all limited lines agents to require only one application for a license which may cover multiple locations.
- Requires licensees to advise the Department in writing within 30 days after having been found guilty of or having pled guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under federal or state laws.
- Provides for technical changes including: deleting references to “solicitor,” “runner,” and “administrative agent;” clarifies certain dates for expiration of appointments; provides the Department with rule making authority in specified instances; corrects the reference to the Florida Association of Insurance and Financial Advisors (FAIFA); and provides for delinquent fees, late filing fees and continuing education fees.

This bill substantially amends the following sections of the Florida Statutes: 624.04, 624.303, 624.313, 624.317, 624.34, 624.501, 624.504, 624.506, 624.521, 626.015, 626.022, 626.112, 626.171, 626.175, 626.201, 626.202, 626.221, 626.2815, 626.2816, 626.2817, 626.311, 626.321, 626.322, 626.341, 626.371, 626.381, 626.451, 626.461, 626.471, 626.601, 626.731, 626.7315, 626.732, 626.733, 626.7351, 626.7354, 626.7355, 626.741, 626.753, 626.785, 626.7851, 626.829, 626.831, 626.8311, 626.8414, 626.8417, 626.843, 626.865, 626.866, 626.867, 626.869,

² Effective January 7, 2003, the Department of Insurance was transferred to the Department of Financial Services and to the Office of Insurance Regulation (ch. 2002-404, L.O.F.). The Department of Financial Services (Department) is responsible for all activities concerning licensing functions (s. 20.121(2)(a), F.S.) as to insurance representatives, but not as to adjusters which are under the jurisdiction of the Office of Insurance Regulation. This session, CS/CS/SB 1712 makes conforming changes to the Florida Statutes.

626.874, 626.878, 626.797, 626.9541, 626.9916, 632.634, 634.171, 634.420, 642.034, 642.036, 642.045, 648.27, 648.34, 648.355, 648.382, 648.383, and 648.50.

This bill repeals the following sections of the Florida Statutes: 626.032 and 626.361.

II. Present Situation:

Classification and Licensure of Insurance Representatives in Florida

In Florida, chapter 626, Florida Statutes, provides for the licensure and regulation of insurance representatives by the Department of Financial Services (Department).

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. Insurance agents transact insurance on behalf of an insurer or insurers.³ Such agents must be licensed by the Department to act as an agent for an insurer, and be appointed (i.e., given the authority by an insurance company to transact business on its behalf) by at least one insurer to act as the agent for that particular appointing insurer or insurers. “Resident agents” are agents domiciled and residing in the state of Florida.⁴ “Nonresident agents” may sell insurance only under the supervision of a licensed resident agent.⁵ All insurance policies issued by a nonresident agent are required to be countersigned by a resident agent.

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.⁶ In transit and storage personal property insurance also includes communications equipment property insurance. General lines agents also may transact limited lines of insurance other than credit life insurance.

“Customer representatives” are appointed by general lines agents or agencies to assist them in insurance transactions. They work under the direct supervision of the appointing agent. A “limited customer service representative” is one involved only in private passenger motor vehicle insurance. “Service representatives” are directly employed and appointed by insurers or managing general agents to assist in negotiating and effecting insurance when accompanied by a licensed general lines agent.⁷

³ S. 626.015, F.S.

⁴ S. 626.015, F.S.

⁵ S. 626.171, F.S. In November 1, 2002, the Department began accepting the uniform application for nonresident agent licensing.

⁶ S. 626.321, F.S. Under the credit life or disability insurance limited license, applicants may submit only one application for a license

⁷ S. 626.015, F.S.

There are three types of licensed adjusters in Florida: public adjusters, independent adjusters, and company employee adjusters.⁸ A fourth type, catastrophe and emergency adjusters, are unlicensed and only used in emergency situations. A “company employee adjuster” is an adjuster who is employed by an insurer or insurer’s subsidiary, and who undertakes on behalf of an insurer to ascertain and determine the amount of any claim payable under an insurance contract or undertakes to effect settlement of a claim.⁹ An “independent adjuster” is any person who is self-employed or is associated with or employed by an independent adjusting firm or other independent adjusters, and who undertakes on behalf of an insurer to ascertain and determine the amount of any claim payable under an insurance contract or undertakes to effect settlement of a claim.¹⁰ A “public adjuster” is an adjuster who works on behalf of a claimant rather than an insurance company. Public adjusters aid claimants in filing insurance claims, investigating claims, and negotiating the settlement of a claim.¹¹

Adjusters who work on behalf of worker’s compensation insurers are required to take courses in continuing education (CE).¹² Section 626.869(5), F.S., states that any person holding an adjuster’s license for 24 consecutive months or longer and who engages in adjusting workers’ compensation claims must, beginning in their birth month and every 2 years thereafter, complete 24 hours of courses regarding workers’ compensation laws, 2 hours of which are related to ethics. The continuing education requirement ensures that worker’s compensation adjusters keep up to date with the current state of law and are able to competently and fairly adjust workers’ compensation claims.

The requirements for adjuster continuing education courses are stated in s. 626.869, F.S. All courses must have a course outline that is approved by the Department, and must be taught at a location approved by the Department. The course instructor must have at least 5 years of workers’ compensation or general lines experience, be a member of The Florida Bar, or be approved by the department.

Insurance License Applications and Continuing Education

Section 626.171, F.S., governs the process by which insurance licenses are issued in Florida. A written application must be submitted along with pre-payment of all applicable fees by any entity that is seeking licensure. The application must disclose information mandated by statute so that a determination may be made whether the applicant meets the necessary licensure requirements. An application for a license must be accompanied by a set of the individual applicant's fingerprints, or, if the applicant is not an individual, by a set of the fingerprints certified by a law enforcement officer of the sole proprietor, majority owner, partners, officers, and directors.¹³ Under current law, directors of large corporations may be required to have their fingerprints taken as a condition of obtaining a license.

⁸ S. 626.864, F.S.

⁹ S. 626.856, F.S.

¹⁰ S. 626.855, F.S.

¹¹ S. 626.854, F.S.

¹² Adjusters who do not work on behalf of workers’ compensation insurers are currently not required to take CE courses, however, they would be required to do so under the provisions of this bill.

¹³ S. 626.171(5), F.S.

The requirements for continuing education (CE) courses are stated in s. 626.2815, F.S., for persons licensed to solicit or sell insurance in the state. Each person must, with specified exceptions, complete a minimum of 28 hours of CE courses every 2 years in basic or higher-level courses approved by the Department. Each person must also complete a minimum of 2 hours of CE every 2 years on the subject of unauthorized entities engaging in the business of insurance. Persons licensed for 25 years or more are subject to completing 14 hours of CE every 2 years in courses approved by the Department. Other course requirements are provided for depending upon the experience or qualifications of the insurance representative.

National Association of Insurance Commissioners

The National Association of Insurance Commissioners (NAIC) is the organization of insurance regulators from the 50 states, the District of Columbia and the four U.S. territories. The association provides a forum for the development of uniform policies by adopting various "Model Acts" on a variety of insurance issues. As a result of the passage of the Federal Gramm-Leach-Bliley Act,¹⁴ the NAIC adopted the Producer Licensing Model Act (Model Act) designed for use by states choosing to implement the uniformity and reciprocity provisions in the Act.

According to representatives with the Florida Department of Financial Services, the primary provisions of the instant bill bring Florida into conformity with the NAIC Model Act in several important areas: licensure qualification; continuing education and prelicensing education; and automation of the appointment function of agents by insurers to include submissions to the Department and the NAIC using paperless transmissions. When the Florida Department's Bureau of Licensing's new licensing system is completed in September 2003, initial agent appointments will be carried out by the NAIC on a centralized nationwide data base called the Producer Data Base. The NAIC will then transmit the appointment information along with appointment fees to the Bureau on a daily basis. Insurers can directly access Florida's database via the NAIC.

Applicable current law provisions are explained below under the sections of this bill.

III. Effect of Proposed Changes:

Section 1. Amends s. 624.04, F.S., the definition of "person" and deletes the reference to "solicitor." During the 2002 Legislative session, the solicitor license was repealed and individuals licensed as solicitors were allowed to convert their license to a general lines agent license.¹⁵ Failure to do so resulted in the license and appointment being cancelled. There are no longer any individuals licensed and appointed as solicitors.

Sections 2 - 4. Amend ss. 624.303, 624.313, and 624.317, F.S., and delete the reference to "solicitor."

Section 5. Amends s. 624.34, F.S., to comply with the Federal Bureau of Investigation's (FBI) requirement that Florida's Insurance Code expressly authorize the use of FBI records for the screening of applicants for licensure. Specifically, the Florida Department of Law

¹⁴ Pub.L. 106-102, 113 Stat. 1422, 15 U.S.C.A. 6751, et seq.

¹⁵ Ch. 2002-206, L.O.F.

Enforcement (FDLE) may accept fingerprints from persons required by law to submit them, and persons who must demonstrate that they have not been convicted of a felony or misdemeanor. Requires FDLE to submit fingerprints to the FBI to check federal criminal history records and provides that the Department of Financial Services or the Office of Insurance Regulation shall use local, state, and federal criminal records to determine specified licensure status.

Section 6. Amends s. 624.501, F.S., and deletes the reference to “solicitor,” and amends the law pertaining to the renewal of appointments for agents, adjusters, and other representatives, to assess a \$20 late filing fee when appointing entities fail to renew appointments within the statutory time period.

Sections 7 -9. Amend ss. 624.504, 624.506, 624.521, F.S., and delete the reference to “solicitor.”

Section 10. Amends s. 624.015, F.S., and repeals references to “administrative agents.” Since the inception of this type and class of license in 1992, there has only been 1 individual licensed and appointed as an administrative agent. There are currently no licensees or appointees for this type and class of license.

Sections 11 and 12. Amend ss. 626.022, 626.112, F.S., and deletes the reference to “solicitor.”

Section 13. Amends s. 626.171, F.S., relating to the information that must be furnished on the application for a license to include an applicant’s mailing address. Adds the provision that background investigations must include fingerprinting through FDLE and the FBI. It provides that fingerprints may be taken by a law enforcement agency or other entity approved by the department.

Section 14. Amends s. 626.175, F.S., to provide that qualification provisions relating to temporary licenses comply with the NAIC Model Act that requires applicants for licensure to be at least 18 years of age and United States citizens or legal aliens who possess work authorization from the U.S. Immigration and Naturalization Service (INS).

Section 15. Amends s. 626.202, F.S., relating to fingerprinting requirements, to provide that fingerprints may be taken by an entity approved by the department or a law enforcement agency.

Section 16. Amends s. 626.201, F.S., relating to investigations, to provide that an inquiry or investigation of an applicant’s qualifications must include submission of fingerprints to FDLE and the FBI.

Section 17. Amends s. 626.221, F.S., to extend the period of time from 24 to 48 months that a licensee has prior to the expiration of his or her license after their last appointment has been cancelled or not renewed. A similar change was made during the 2002 Legislative Session; however, this particular section of law was not included in that change.

Section 18. Amends s. 626.2815, F.S., to conform Florida’s continuing education (CE) laws to the NAIC’s Model Act by reducing the number of required CE hours from 28 to 24 (every two years) for specified licenses; reducing the number of required CE hours from 14 to 12 (every two

years) for licensees who have been licensed for 25 years and who meet other criteria; requiring that all courses utilized by licensees to meet their CE or prelicensing requirements include 3 hours of training on the subject matter of ethics (these are not additional hours over and above the required amount); deleting the reference to administrative agents as explained under Section 10, above; and correcting a reference in the law to the Florida Association of Life Underwriters (FALU) to reflect the association's new name, the Florida Association of Insurance and Financial Advisors (FAIFA).

Section 19. Amends s. 626.2816, F.S., to change the term “requirement cycle” pertaining to continuing education to “compliance period” and corrects a citation.

Section 20. Amends s. 626.2817, F.S., and deletes the reference to establish a prelicensure cycle for insurance agents and other licensees. Unlike continuing education requirements that must be met every two years, courses used by applicants for a license in order to meet prelicensing educational requirements are valid for 4 years; consequently, there is no “prelicensure cycle.”

Section 21. Amends s. 626.311, F.S., to specify that an insurer may apply to the Department of Financial Services on behalf of a licensee for an appointment, allows the Department to issue the additional appointment without further investigation concerning the applicant, and allows the Department to contract with other persons to administer the appointment process.

Section 22. Amends s. 626.321, F.S., and deletes the reference to “solicitor” and provides that applicants for a limited lines license may submit only one application for a license that may cover multiple locations.

Section 23. Amends s. 626.322, F.S., applying to the appointment of licensees, by authorizing the effectuation of an appointment for a license.

Section 24. Amends s. 626.341, F.S., to permit persons designated by the Department to handle the appointment of licensees.

Section 25. Amends s. 626.371, F.S., to provide that appointing entities that fail to notify the Department within 45 days of the appointment of a licensee will be required to pay a delinquent fee of \$250, other late filing, continuation, and reinstatement fees, and that such fees cannot be charged back to the appointee. Under current law, failure to appoint a licensee in a timely manner only results in a penalty fee of \$10 (\$5 to reinstate and \$5 to continue) for each appointment and according to the Department, this fine has not been an effective deterrent in getting entities to comply. Department officials state that increasing the penalty fees is necessary to achieve better compliance with the law.

Section 26. Amends s. 626.381, F.S., to clarify provisions as to the renewal of an appointment and assesses a late filing fee when appointing entities fail to renew appointments within the statutory time period; provides that this fee cannot be charged back to the appointee.

Section 27. Amends s. 626.451, F.S., to permit persons designated by the Department to handle the appointment of licensees. Clarifies that the appointing entity is certifying to the

Department that an investigation of the licensee has been made and that the licensee is of good moral character and reputation. Requires licensees to advise the Department in writing within 30 days after having been found guilty of or having pled guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under federal or state laws. Currently, ss. 626.611(14) and 626.621(11), F.S., provide for disciplinary action to be taken against a licensee for failing to notify the Department; however, there is not a specific requirement in the law for licensees to provide this information to the Department.

Section 28. Amends s. 626.461, F.S., to permit persons designated by the Department to administer the appointment process.

Section 29. Amends s. 626.471, F.S., to permit an appointee to terminate his or her appointment by electronic means as well as in writing. This eliminates the requirement that an appointee provide the Department with a copy of his or her correspondence with the appointing entity requesting termination of the appointment. It allows the Department to notify the appointing entity that a request from the appointee has been received and the appointment is being terminated.

Section 30. Amends s. 626.601, F.S., to provide that fingerprints may be taken by an entity approved by the Department and changes the term “law enforcement officer” to “law enforcement agency.”

Section 31. Amends s. 626.731, F.S., to conform Florida’s laws to the NAIC’s Model Act which provides that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS.

Section 32. Amends s. 626.7315, F.S., to conform to s. 626.0428(1), F.S. Provides an exception to the provision that no individual (unless licensed as a general lines agent) shall receive or issue a receipt for money to be transmitted to any insurer for a policy. The exception is provided in s. 626.0428(1), F.S., which pertains to individuals employed by an agent or agency on salary who devote full time to clerical work, with incidental taking of insurance applications or quoting or receiving premiums on incoming inquires in the office of the agent or agency.

Section 33. Amends s. 626.732, F.S., to conform Florida’s law to the NAIC’s Model Act by requiring all courses utilized by licensees to meet their CE and prelicensing requirements to include 3 hours of training on the subject matter of ethics.

Section 34. Amends s. 626.733, F.S., and deletes a reference to “solicitor.”

Section 35. Amends s. 626.7351, F.S., pertaining to qualifications for customer representative’s license, to conform Florida’s laws to the NAIC’s Model Act that provides that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS. Conforms the law to the NAIC’s Model Act by requiring all courses utilized by licensees to meet their CE and prelicensing requirements include 3 hours of training on the subject matter of ethics. And changes the law dealing with the qualification of customer representatives to require that prelicensing courses must include instruction on the subject matter of unauthorized entities engaging in the business of insurance.

Section 36. Amends s. 626.7354, F.S., and deletes a reference to “solicitor.”

Section 37. Amends s. 626.7355, F.S., to conform the law to the NAIC’s Model Act by providing that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS.

Sections 38 and 39. Amend ss. 626.741, F.S., and delete a reference to “solicitor.”

Section 39. Amend s. 626.753, F.S., and deletes a reference to “solicitor.”

Section 40. Amends s. 626.785, F.S., to conform the law to the NAIC’s Model Act by providing that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS. Increases the allowable maximum face value of a preneed burial insurance contract that life insurance agents may sell from \$10,000 to \$12,500 plus an annual percentage increase based on the annual consumer price index.

Section 41. Amends s. 626.7851, F.S., to conform the law to the NAIC’s Model Act by requiring all courses utilized by licensees to meet their CE and prelicensing requirements to include 3 hours of training on the subject matter of ethics.

Section 42. Amends s. 626.829, F.S., and deletes a reference to “solicitor.”

Section 43. Amends s. 626.831, F.S., to conform the law to the NAIC’s Model Act to provide that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS.

Section 44. Amends s. 626.8311, F.S., to conform the law to the NAIC’s Model Act by requiring all courses utilized by licensees to meet their CE and prelicensing requirements include 3 hours of training on the subject matter of ethics.

Section 45. Amends s. 626.8414, F.S., to conform the law to the NAIC’s Model Act to provide that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS.

Section 46. Amends s. 626.8417, F.S., to conform the law to the NAIC’s Model Act by requiring all courses utilized by licensees to meet their CE and prelicensing requirements include 3 hours of training on the subject matter of ethics.

Section 47. Amends s. 626.843, F.S., to provide for a cross-reference to authorize that title insurance agent appointments must be renewed pursuant to s. 626.381, F.S., and deletes language made redundant by the cross-reference.

Sections 48 - 50. Amend ss. 626.865, 626.866, and 626.867, F.S., to conform these sections to the NAIC’s Model Act to provide that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS.

Section 51. Amends s. 626.869, F.S., to require that all adjusters (insurance company employees, public and independent) must complete 24 hours of CE courses every 2 years. Currently, only workers' compensation (WC) adjusters are required to complete 24 hours of CE courses every 2 years in WC insurance. Provides that the regulation of CE for licensees and others shall be as required in s. 626.2816, F.S. (Section 19, above.)

Section 52. Amends s. 626.874, F.S., to conform the law to the NAIC's Model Act to provide that applicants for licensure must be at least 18 years of age and United States citizens or legal aliens who possess work authorization from the INS.

Section 53. Amends s. 626.878, F.S., to authorize the Department to promulgate rules to require certain terms and conditions of public adjuster contracts and to prohibit specified activities.

Section 54. Amends s. 626.797, F.S., to correct the reference in the law to the Florida Association of Life Underwriters (FALU) to reflect the association's new name, the Florida Association of Insurance and Financial Advisors (FAIFA).

Section 55. Amends s. 626.9541, F.S., to provide that the prohibition against "sliding" apply to all lines of insurance and not just motor vehicle insurance.

Section 56. Amends s. 626.9916, F.S., to conform the law to the NAIC's Model Act to provide that applicants for licensure must be at least 18 years of age and United States citizens or legal aliens who possess work authorization from the INS.

Section 57. Amends s. 627.7295, F.S., to provide for an increase in the fee (from \$10 to \$20) that a general lines agent may charge to cover administrative expenses which would apply to all motor vehicle policies. Currently, this fee covers administrative costs associated with selling motor vehicle policies if the policy covers only personal injury protection coverage and property damage liability coverage and that no other insurance is sold or issued in conjunction with the policy.

Section 58. Amends s. 632.634, F.S., relating to filing requirements imposed on fraternal benefit societies to require every society to register "upon request by the Department." Under current law, on or before March 1 of each year, fraternal benefit societies must register certain information with the Department. This provision deletes that requirement, unless such registration is specifically requested by the Department.

Section 59 - 63. Amend ss. 634.171, 634.420, 642.034, 642.036, 642.045, F.S., and deletes the reference to "solicitor."

Section 64. Amends s. 648.27, F.S., and deletes a reference to the term "runner" that was not deleted during the 2002 Legislative Session when that term was removed from the Insurance Code. Requires appointing entities that fail to notify the Department within 45 days of the appointment of a (bail bonds) licensee will be required to pay a delinquent fee of \$250; provides that this fee cannot be charged back to the appointee.

Section 65. Amends s. 648.34, F.S., to conform the law to the NAIC’s Model Act to provide that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS; deletes a reference to “runners,” and provides that the department shall conduct an investigation of the applicant’s qualifications which must include fingerprints of the applicant which must be submitted to FDLE and the FBI.

Section 66. Amends s. 648.355, F.S., to conform the law to the NAIC’s Model Act to provide that applicants for licensure must be United States citizens or legal aliens who possess work authorization from the INS. Clarifies that the applicant for a temporary bail bond license must be employed full-time by a licensed bail bonds person at the time of application and provides for rule authority for the Department of Financial Services to establish standards for such employment requirements.

Section 67. Amends s. 648.382, F.S., to provide that in lieu of a certified statement by the appointing insurer, by authorizing the effectuation of an appointment for a licensee, the appointing entity certifies to the department that an investigation has been made and that the results of the investigation the appointee is of good moral character and reputation and is fit to be in the bail bond business. Appointing entities that fail to notify the Department within 45 days of the appointment of a licensee will be required to pay a delinquent fee of \$250; provides that this fee cannot be charged back to the appointee.

Section 68. Amends s. 648.383, F.S., to provide that a renewal request must be filed with the person designated by the department to administer appointments and that appointments may be renewed without penalty if the renewal is prior to the expiration of the licensee’s birth month.

Section 69. Amends s. 648.50, F.S., and deletes references to the term “runner.”

Section 70. Repeals ss. 626.032 (administrative agents) and 626.361 (this section was combined with s. 626.371).

Section 71. Provides that the act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

Several fees are provided for under this bill: renewal late filing fees, delinquent fees, and adjuster continuing education course fees. (See discussion below under Government Sector Impact.)

B. Private Sector Impact:

Continuing education for insurance representatives is an important element of the insurance industry in order to protect the public, maintain high standards of professional competence and maintain or improve the skills and knowledge of licensees. Insurance is complex and laws change and it is important that licensees keep abreast of industry practices and statutory and administrative rule changes. Florida insurance consumers will likely be better served as a result of specified licensees being schooled on current laws and regulations pertaining to ethics and unauthorized entities.

Licensees will benefit by having their appointments automated under the provisions of this legislation.

C. Government Sector Impact:**Renewal Late Filing Fees: \$96,000**

According to officials with the Department of Financial Services, there are approximately 400 appointees each month whose appointments are not filed with the Department in a timely manner by appointing entities. This equates to approximately 4,800 appointments per year resulting in approximately \$96,000 in revenue to the Department (400 x 12 mos. = 4,800 x \$20 = \$96,000).

Delinquent Fees: \$275,000

Representatives with the Department cite statistics from fiscal year 2001-2002, to indicate that approximately 1,100 individuals were not appointed in accordance with the provisions of s. 626.371, F.S. (provides for payment of fees and agent appointment provisions). In some instances, companies have failed to appoint an agent for more than twelve months. The delinquent fee of \$250 provided for under this bill will produce approximately \$275,000 in revenue in the first year. With the introduction of the delinquent fee, the Department anticipates that companies will become more responsive to the appointment requirements and the delinquent fees will decrease considerably in subsequent years. (1,100 x \$250 = \$275,000).

Continuing Education for Adjusters: \$61,300

According to the Office of Insurance Regulation (OIR), the current law requires only workers' compensation adjusters to complete continuing education. To date, the OIR has approved 613 providers for the workers' compensation CE courses. The OIR estimates

that these 613 providers will expand their programs to include all adjuster categories. Courses are approved on a one-time basis, unless the provider makes a substantive change to the course outline. After initial approval, only minimal growth in the provider population is expected. Currently there are 38,943 individuals licensed as public, independent or insurance company employee adjusters. These are the individuals who will be required to complete CE in order to maintain their license status. A fee of \$100 per course offering is required pursuant to s. 624.501(19), F.S.

Course Provider Fee: 613 providers x \$100 = \$61,300
 305 providers x \$100 = \$30,500
 150 providers x \$100 = \$15,000

Cost to Licensee: Average cost per credit hour is \$10 x 24 hours = \$240 biannually.

Note: All of the above-referenced fees are deposited into the Treasurer’s Regulatory Trust Fund.

FISCAL IMPACT ON DEPARTMENT

	(FY 03-04) Amount/FTE	(FY 04 05) Amount/FTE	(FY 05-06) Amount/FTE
A. Revenues			
1. Recurring			
Renewal Late Filing Fees	\$ 96,000	\$ 48,000	\$ 24,000
Delinquent Fees	\$ 275,000	\$ 125,000	\$ 65,000
CE Course Provider Fees	\$ 61,300	\$ 30,500	\$ 15,000
2. Non-Recurring	\$ 0	\$ 0	\$ 0
B. Expenditures	\$ 0	\$ 0	\$ 0

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.