

By the Committees on Finance and Taxation; Banking and Insurance; and Senator Diaz de la Portilla

314-2448-03

1 A bill to be entitled
2 An act relating to warranty association
3 regulation; amending ss. 634.031, 634.303, and
4 634.403, F.S.; exempting affiliates of insurers
5 from provisions regulating certain warranty
6 associations, under certain circumstances;
7 providing for nonapplication of the exemptions
8 under certain circumstances; providing an
9 effective date.

10

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

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13 Section 1. Subsection (5) is added to section 634.031,
14 Florida Statutes, to read:

15 634.031 License required.--

16 (5) Any person that is an affiliate of a domestic
17 insurer as defined in chapter 624 is exempt from application
18 of this part if the person does not issue, or market or cause
19 to be marketed, motor vehicle service agreements to residents
20 of this state and does not administer motor vehicle service
21 agreements that were originally issued to residents of this
22 state. The domestic insurer or its wholly owned Florida
23 licensed insurer must be the direct obligor of all motor
24 vehicle service agreements issued by such affiliate or must
25 issue a contractual liability insurance policy to such
26 affiliate which meets the conditions described in s.
27 634.041(8)(b). If the Office of Insurance Regulation
28 determines, after notice and opportunity for a hearing, that a
29 person's intentional business practices do not comply with any
30 of the exemption requirements of this subsection, the person
31 shall be subject to this part.

1 Section 2. Subsection (3) is added to section 634.303,
2 Florida Statutes, to read:

3 634.303 License required.--

4 (3) Any person that is an affiliate of a domestic
5 insurer as defined in chapter 624 is exempt from application
6 of this part if the person does not issue, or market or cause
7 to be marketed, home warranties to residents of this state and
8 does not administer home warranties that were originally
9 issued to residents of this state. The domestic insurer or its
10 wholly owned Florida licensed insurer must be the direct
11 obligor of all home warranty service agreements issued by such
12 affiliate or must issue a contractual liability insurance
13 policy to such affiliate which meets the conditions described
14 in s. 634.3077(3). If the Office of Insurance Regulation
15 determines, after notice and opportunity for a hearing, that a
16 person's intentional business practices do not comply with any
17 of the exemption requirements of this subsection, the person
18 shall be subject to this part.

19 Section 3. Subsection (4) is added to section 634.403,
20 Florida Statutes, to read:

21 634.403 License required.--

22 (4) Any person that is an affiliate of a domestic
23 insurer as defined in chapter 624 is exempt from application
24 of this part if the person does not issue, or market or cause
25 to be marketed, service warranties to residents of this state
26 and does not administer service warranties that were
27 originally issued to residents of this state. The domestic
28 insurer or its wholly owned Florida licensed insurer must be
29 the direct obligor of all service warranty agreements issued
30 by such affiliate or must issue a contractual liability
31 insurance policy to such affiliate which meets the conditions

1 described in s. 634.406(3). If the Office of Insurance
2 Regulation determines, after notice and opportunity for a
3 hearing, that a person's intentional business practices do not
4 comply with any of the exemption requirements of this
5 subsection, the person shall be subject to this part.

6 Section 4. This act shall take effect upon becoming a
7 law.

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9 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
10 COMMITTEE SUBSTITUTE FOR
11 CS/SB 2414

12 The committee substitute requires a domestic insurer or its
13 wholly owned Florida licensed insurer to be the direct obligor
14 of all home warranty service agreements issued by the
15 affiliate, or, to issue a contractual liability insurance
16 policy to the affiliate that meets the requirements of s.
17 634.3077(3), F.S., (home warranty service agreements) instead
18 of s. 634.041(8)(b), F.S., (motor vehicle service agreements).

16 The committee substitute requires a domestic insurer or its
17 wholly owned Florida licensed insurer to be the direct obligor
18 of all service warranty agreements issued by the affiliate,
19 or, to issue a contractual liability insurance policy to the
20 affiliate that meets the requirements of s. 634.406(3), F.S.,
21 (service warranty agreements) instead of s. 634.041(8)(b),
22 F.S., (motor vehicle service agreements).