



HB 0769

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A bill to be entitled
 An act relating to motor vehicle service agreements;
 amending s. 634.011, F.S.; revising criteria within a
 definition of a motor vehicle service agreement relating
 to preestablished flat amounts; providing a limitation;
 amending s. 634.121, F.S.; providing for disapproval of
 certain service agreement forms for not indicating the
 preestablished flat amount payable under the agreement;
 providing an effective date.

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

Section 1. Paragraph (b) of subsection (8) of section
 634.011, Florida Statutes, is amended to read:

634.011 Definitions.--As used in this part, the term:
 (8) "Motor vehicle service agreement" or "service
 agreement" means any contract or agreement indemnifying the
 service agreement holder for the motor vehicle listed on the
 service agreement and arising out of the ownership, operation,
 and use of the motor vehicle against loss caused by failure of
 any mechanical or other component part, or any mechanical or
 other component part that does not function as it was originally
 intended; however, nothing in this part shall prohibit or affect
 the giving, free of charge, of the usual performance guarantees
 by manufacturers or dealers in connection with the sale of motor
 vehicles. Transactions exempt under s. 624.125 are expressly
 excluded from this definition and are exempt from the provisions
 of this part. The term "motor vehicle service agreement"
 includes any contract or agreement that provides:
 (b) For payment of vehicle protection expenses.



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31 1.a. "Vehicle protection expenses" means a preestablished
32 flat amount payable for the loss of or damage to a vehicle or
33 expenses incurred by the service agreement holder for loss or
34 damage to a covered vehicle, including, but not limited to,
35 applicable deductibles under a motor vehicle insurance policy;
36 temporary vehicle rental expenses; expenses for a replacement
37 vehicle that is at least the same year, make, and model of the
38 stolen motor vehicle; sales taxes or registration fees for a
39 replacement vehicle that is at least the same year, make, and
40 model of the stolen vehicle; or other incidental expenses
41 specified in the agreement.

42 b. "Vehicle protection product" means a product or system
43 installed or applied to a motor vehicle or designed to prevent
44 the theft of the motor vehicle or assist in the recovery of the
45 stolen motor vehicle.

46 2. Vehicle protection expenses shall be payable in the
47 event of loss or damage to the vehicle as a result of the
48 failure of the vehicle protection product to prevent the theft
49 of the motor vehicle or to assist in the recovery of the stolen
50 motor vehicle. Vehicle protection expenses covered under the
51 agreement shall be clearly stated in the service agreement form,
52 unless the agreement provides for the payment of a
53 preestablished flat amount, in which case the service agreement
54 form shall clearly identify such amount.

55 3. Motor vehicle service agreements providing for the
56 payment of vehicle protection expenses shall:

57 a. Reimburse a service agreement holder for the following
58 expenses, at a minimum: deductibles applicable to comprehensive
59 coverage under the service agreement holder's motor vehicle
60 insurance policy; temporary vehicle rental expenses; sales taxes



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61 and registration fees on a replacement vehicle that is at least
62 the same year, make, and model of the stolen motor vehicle; and
63 the difference between the benefits paid to the service
64 agreement holder for the stolen vehicle under the service
65 agreement holder's comprehensive coverage and the actual cost of
66 a replacement vehicle that is at least the same year, make, and
67 model of the stolen motor vehicle; or

68 b. Pay a preestablished flat amount to the service
69 agreement holder.

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71 Payments shall not duplicate any benefits or expenses paid to
72 the service agreement holder by the insurer providing
73 comprehensive coverage under a motor vehicle insurance policy
74 covering the stolen motor vehicle, however, the payment of
75 vehicle protection expenses at a preestablished flat amount of
76 \$7,500 or less does not duplicate any benefits or expenses
77 payable under any comprehensive motor vehicle insurance policy.

78 Section 2. Paragraph (c) of subsection (1) of section
79 634.121, Florida Statutes, is amended to read:

80 634.121 Filing of forms, required procedures,
81 provisions.--

82 (1) A service agreement form or related form may not be
83 issued or used in this state unless it has been filed with and
84 approved by the department. Upon application for a license, the
85 department shall require the applicant to submit for approval
86 each brochure, pamphlet, circular, form letter, advertisement,
87 or other sales literature or advertising communication addressed
88 or intended for distribution. The department shall disapprove
89 any document which is untrue, deceptive, or misleading or which
90 contains misrepresentations or omissions of material facts.



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91 (c) The department shall disapprove any service agreement
92 form providing vehicle protection expenses which does not
93 clearly indicate the method for calculating the benefit to be
94 paid or provided to the service agreement holder or the
95 preestablished flat amount payable pursuant the terms of the
96 service agreement. All service agreement forms providing vehicle
97 protection expenses shall clearly indicate the term of the
98 service agreement, whether new or used cars are eligible for the
99 vehicle protection product, and that the service agreement
100 holder may not make any claim against the Florida Insurance
101 Guarantee Association for vehicle protection expenses. The
102 service agreement shall be provided to a service agreement
103 holder on a form that provides only vehicle protection expenses.
104 A service agreement form providing vehicle protection expenses
105 must state that the service agreement holder must have in force
106 at the time of loss comprehensive motor vehicle insurance
107 coverage as a condition precedent to requesting payment of
108 vehicle protection expenses.

109 Section 3. This act shall take effect upon becoming a law.