

HB 1433

2004

1 A bill to be entitled

2 An act relating to service warranty associations; amending  
3 s. 634.406, F.S.; providing certain circumstances under  
4 which a service warranty association is not required to  
5 establish unearned premium reserve or maintain contractual  
6 liability insurance and may allow its premiums to exceed a  
7 certain limit; providing criteria; providing an effective  
8 date.

9  
10 Be It Enacted by the Legislature of the State of Florida:

11  
12 Section 1. Subsection (8) is added to section 634.406,  
13 Florida Statutes, to read:

14 634.406 Financial requirements.--

15 (8) An association licensed under this part is not  
16 required to establish an unearned premium reserve or maintain  
17 contractual liability insurance and may allow its premiums to  
18 exceed the ratio to net assets limitation of this section if the  
19 association is a wholly owned subsidiary of a parent corporation  
20 which satisfies the following or the association satisfies the  
21 following:

22 (a) Is listed and traded on a recognized stock exchange,  
23 is listed in the National Association of Security Dealers  
24 Automated Quotation system and publicly traded in the over-the-  
25 counter securities markets, is required to file Form 10-K, Form  
26 10-Q, or Form 20-G with the United States Securities and  
27 Exchange Commission, or whose American Depository Receipts are  
28 listed on a recognized stock exchange and are publicly traded;

29 (b) Maintains outstanding debt obligations, if any, rated

HB 1433

2004

30 in the top four rating categories by a recognized rating  
31 service;

32 (c) Has, and maintains at all times, a minimum net worth  
33 of at least \$100,000,000 as evidenced by certified financial  
34 statements prepared by an independent certified public  
35 accountant in accordance with generally accepted accounting  
36 principles; and

37 (d) Is authorized to do business in this state.

38 Section 2. This act shall take effect upon becoming a law.