

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 20.121, F.S.; requiring the Division of
4 Consumer Services of the Department of
5 Financial Services to designate an employee as
6 primary contact for consumers on issues
7 involving sinkholes; authorizing the department
8 to issue an order of conditional release from a
9 stop-work order if an employer complies with
10 coverage requirements and a penalty payment
11 agreement; amending s. 501.137, F.S.; requiring
12 an insurer to reinstate, under certain
13 circumstances, an insurance policy that is
14 cancelled due to failure of the lender to pay a
15 premium for which sufficient escrow funds are
16 on deposit; requiring that the lender reimburse
17 the property owner for any penalties or fees
18 paid for purposes of reinstating the policy;
19 requiring the lender to pay the increased cost
20 of insurance premiums for a specified period of
21 time under certain conditions; amending s.
22 624.4622, F.S.; providing that a local
23 government self-insurance fund must initially
24 be organized as a commercial self-insurance
25 fund or a group self-insurance fund and, for a
26 specified period, must comply with the
27 requirements for such a fund; providing that a
28 local government self-insurance fund comply
29 with specified provisions relating to financial
30 statements; amending s. 624.610, F.S.; revising
31 the requirements of a trust fund for a single

1 assuming insurer; amending s. 625.081, F.S.;
2 providing an exception for credit disability
3 insurance from a health insurance active life
4 reserve requirement; amending s. 625.121, F.S.;
5 providing for valuation of life insurance
6 policies; amending s. 626.321, F.S.; limiting
7 the types of business that may be transacted by
8 personal lines agents; creating s. 626.9743,
9 F.S., relating to claim settlement practices
10 for motor vehicle insurance; prescribing
11 standards to be followed by insurers; creating
12 s. 626.9744, F.S., relating to claim settlement
13 practices for homeowners' insurance;
14 prescribing standards to be followed by
15 insurers; amending s. 627.311, F.S.; allowing
16 the automobile insurance joint underwriting
17 plan to require additional proof from insureds
18 regarding cancellation of coverage; allowing
19 additional time for the investigation of claims
20 against the plan; providing for expiration of
21 the provision; amending s. 627.4091, F.S.;
22 providing additional disclosure requirements
23 with respect to a refusal to insure; amending
24 s. 627.4133, F.S.; requiring property insurers
25 to reinstate a canceled policy as required by
26 s. 501.137, F.S.; restricting the use of
27 certain claims as a cause for cancellation or
28 nonrenewal; amending s. 627.476, F.S.;
29 authorizing the use of certain mortality tables
30 for purposes of the Standard Nonforfeiture Law
31 for Life Insurance; creating s. 627.7077, F.S.;

1 providing for a feasibility study for a
2 proposed Florida Sinkhole Insurance Facility;
3 amending s. 627.838, F.S.; deleting a filing
4 fee; amending s. 627.848, F.S.; specifying
5 provisions for cancellation of insurance
6 contracts; amending s. 627.849, F.S., to
7 conform to the elimination of a filing fee;
8 providing for a study and report by the Florida
9 State University College of Business on
10 personal lines property and casualty insurance;
11 repealing s. 625.131, F.S., relating to credit
12 life and disability policies; providing for
13 construction of the act; providing effective
14 dates.

15
16 Be It Enacted by the Legislature of the State of Florida:

17
18 Section 1. Paragraph (h) of subsection (2) of section
19 20.121, Florida Statutes, is amended to read:

20 20.121 Department of Financial Services.--There is
21 created a Department of Financial Services.

22 (2) DIVISIONS.--The Department of Financial Services
23 shall consist of the following divisions:

24 (h) The Division of Consumer Services, which shall
25 include a Bureau of Funeral and Cemetery Services.

26 1. The Division of Consumer Services shall perform the
27 following functions concerning products or services regulated
28 by the Department of Financial Services or by either office of
29 the Financial Services Commission:

30 a. Receive inquiries and complaints from consumers.+

31

1 b. Prepare and disseminate such information as the
2 department deems appropriate to inform or assist consumers.†

3 c. Provide direct assistance and advocacy for
4 consumers who request such assistance or advocacy.†

5 d. With respect to apparent or potential violations of
6 law or applicable rules by a person or entity licensed by the
7 department or by either office of the commission, report such
8 apparent or potential violation to the appropriate division of
9 the department or office of the commission, which may take
10 such further action as it deems appropriate.

11 e. Designate an employee of the division as primary
12 contact for consumers on issues relating to sinkholes.

13 2. Any person licensed or issued a certificate of
14 authority by the department or by the Office of Insurance
15 Regulation shall respond, in writing, to the Division of
16 Consumer Services within 20 days after receipt of a written
17 request for information from the division concerning a
18 consumer complaint. The response must address the issues and
19 allegations raised in this complaint. The division may, in its
20 discretion, impose an administrative penalty for failure to
21 comply with this subparagraph in an amount up to \$2,500 per
22 violation upon any entity licensed by the department or the
23 Office of Insurance Regulation and \$250 for the first
24 violation, \$500 for the second violation and up to \$1,000 per
25 violation thereafter upon any individual licensed by the
26 department or the Office of Insurance Regulation.

27 3. The department may adopt rules to implement the
28 provisions of this paragraph.

29 4. The powers, duties, and responsibilities expressed
30 or granted in this paragraph shall not limit the powers,
31 duties, and responsibilities of the Department of Financial

1 Services, the Financial Services Commission, the Office of
2 Insurance Regulation, or the Office of Financial Regulation
3 set forth elsewhere in the Florida Statutes.

4 Section 2. Paragraph (a) of subsection (7) of section
5 440.107, Florida Statutes, is amended to read:

6 440.107 Department powers to enforce employer
7 compliance with coverage requirements.--

8 (7)(a) Whenever the department determines that an
9 employer who is required to secure the payment to his or her
10 employees of the compensation provided for by this chapter has
11 failed to secure the payment of workers' compensation required
12 by this chapter or to produce the required business records
13 under subsection (5) within 5 business days after receipt of
14 the written request of the department, such failure shall be
15 deemed an immediate serious danger to public health, safety,
16 or welfare sufficient to justify service by the department of
17 a stop-work order on the employer, requiring the cessation of
18 all business operations. If the department makes such a
19 determination, the department shall issue a stop-work order
20 within 72 hours. The order shall take effect when served upon
21 the employer or, for a particular employer work site, when
22 served at that work site. In addition to serving a stop-work
23 order at a particular work site which shall be effective
24 immediately, the department shall immediately proceed with
25 service upon the employer which shall be effective upon all
26 employer work sites in the state for which the employer is not
27 in compliance. A stop-work order may be served with regard to
28 an employer's work site by posting a copy of the stop-work
29 order in a conspicuous location at the work site. The order
30 shall remain in effect until the department issues an order
31 releasing the stop-work order upon a finding that the employer

1 has come into compliance with the coverage requirements of
2 this chapter and has paid any penalty assessed under this
3 section. The department may issue an order of conditional
4 release from a stop-work order to an employer upon a finding
5 that the employer has complied with coverage requirements of
6 this chapter and has agreed to remit periodic payments of the
7 penalty pursuant to a payment agreement schedule with the
8 department. If an order of conditional release is issued,
9 failure by the employer to meet any term or condition of such
10 penalty payment agreement shall result in the immediate
11 reinstatement of the stop-work order and the entire unpaid
12 balance of the penalty shall become immediately due.The
13 department may require an employer who is found to have failed
14 to comply with the coverage requirements of s. 440.38 to file
15 with the department, as a condition of release from a
16 stop-work order, periodic reports for a probationary period
17 that shall not exceed 2 years that demonstrate the employer's
18 continued compliance with this chapter. The department shall
19 by rule specify the reports required and the time for filing
20 under this subsection.

21 Section 3. Section 501.137, Florida Statutes, is
22 amended to read:

23 501.137 Mortgage lenders; tax and insurance payments
24 from escrow accounts; duties.--

25 (1) Every lender of money, whether a natural person or
26 an artificial entity, whose loans are secured by a mortgage on
27 real estate located within the state and who receives funds
28 incidental thereto or in connection therewith for the payment
29 of property taxes or hazard insurance premiums when the ~~such~~
30 funds are held in escrow by or on behalf of the lender, shall
31 promptly pay the ~~such~~ taxes or insurance premiums when the

1 ~~such~~ taxes or premiums become due and adequate escrow funds
2 are deposited, so that the maximum tax discount available may
3 be obtained with regard to the taxable property and so that
4 insurance coverage on the property does not lapse.

5 (2) If an escrow account for the ~~such~~ taxes or
6 insurance premiums is deficient, the lender shall notify the
7 property owner within 15 days after the lender receives the
8 notification of taxes due from the county tax collector or
9 receives the notification from the insurer that a premium is
10 due.

11 (3)(a) If the lender, as a result of neglect, fails to
12 pay any tax or insurance premium when the tax or premium is
13 due and there are sufficient escrow funds on deposit to pay
14 the tax or premium, and if the property owner suffers a loss
15 as a result of this ~~such~~ failure, then the lender is ~~will be~~
16 liable for the ~~such~~ loss; except, however, that with respect
17 to any loss which would otherwise have been insured, the
18 extent of the ~~such~~ liability shall not exceed the coverage
19 limits of any insurance policy which has lapsed.

20 (b) If the lender violates paragraph (a) and the
21 premium payment is not more than 90 days overdue, the insurer
22 shall reinstate the insurance policy, retroactive to the date
23 of cancellation, and the lender shall reimburse the property
24 owner for any penalty or fees imposed by the insurer and paid
25 by the property owner for purposes of reinstating the policy.

26 (c) If the lender violates paragraph (a) and the
27 premium payment is more than 90 days overdue or if the insurer
28 refuses to reinstate the insurance policy, the lender shall
29 pay the difference between the cost of the previous insurance
30 policy and a new, comparable insurance policy for a period of
31 2 years.

1 (4) At the expiration of the annual accounting period,
2 the lender shall issue to the property owner an annual
3 statement of the escrow account.

4 Section 4. Subsections (3) and (4) are added to
5 section 624.4622, Florida Statutes, to read:

6 624.4622 Local government self-insurance funds.--

7 (3) Notwithstanding subsection (2), a local government
8 self-insurance fund created under this section after October
9 1, 2004, shall initially be subject to the requirements of a
10 commercial fund under s. 624.4621 and, for the first 5 years
11 of its existence, shall be subject to all the requirements
12 applied to commercial self-insurance funds or to group
13 self-insurance funds, respectively.

14 (4)(a) A local government self-insurance fund formed
15 after January 1, 2005, shall, for its first 5 fiscal years,
16 file with the office full and true statements of its financial
17 condition, transactions, and affairs. An annual statement
18 covering the preceding fiscal year shall be filed within 60
19 days after the end of the fund's fiscal year and quarterly
20 statements shall be filed within 45 days after each such date.
21 The office may, for good cause, grant an extension of time for
22 filing an annual or quarterly statement. The statements shall
23 contain information generally included in insurers' financial
24 statements prepared in accordance with generally accepted
25 insurance accounting principles and practices and in a form
26 generally used by insurers for financial statements, sworn to
27 by at least two executive officers of the self-insurance fund.
28 The form for financial statements shall be the form currently
29 approved by the National Association of Insurance
30 Commissioners for use by property and casualty insurers.

31

1 (b) Each annual statement shall contain a statement of
2 opinion on loss and loss adjustment expense reserves made by a
3 member of the American Academy of Actuaries. Workpapers in
4 support of the statement of opinion must be provided to the
5 office upon request.

6 Section 5. Paragraph (c) of subsection (3) of section
7 624.610, Florida Statutes, is amended to read:

8 624.610 Reinsurance.--

9 (3)

10 (c)1. Credit must be allowed when the reinsurance is
11 ceded to an assuming insurer that maintains a trust fund in a
12 qualified United States financial institution, as defined in
13 paragraph (5)(b), for the payment of the valid claims of its
14 United States ceding insurers and their assigns and successors
15 in interest. To enable the office to determine the sufficiency
16 of the trust fund, the assuming insurer shall report annually
17 to the office information substantially the same as that
18 required to be reported on the NAIC Annual Statement form by
19 authorized insurers. The assuming insurer shall submit to
20 examination of its books and records by the office and bear
21 the expense of examination.

22 2.a. Credit for reinsurance must not be granted under
23 this subsection unless the form of the trust and any
24 amendments to the trust have been approved by:

25 (I) The insurance regulator of the state in which the
26 trust is domiciled; or

27 (II) The insurance regulator of another state who,
28 pursuant to the terms of the trust instrument, has accepted
29 principal regulatory oversight of the trust.

30 b. The form of the trust and any trust amendments must
31 be filed with the insurance regulator of every state in which

1 the ceding insurer beneficiaries of the trust are domiciled.
2 The trust instrument must provide that contested claims are
3 valid and enforceable upon the final order of any court of
4 competent jurisdiction in the United States. The trust must
5 vest legal title to its assets in its trustees for the benefit
6 of the assuming insurer's United States ceding insurers and
7 their assigns and successors in interest. The trust and the
8 assuming insurer are subject to examination as determined by
9 the insurance regulator.

10 c. The trust remains in effect for as long as the
11 assuming insurer has outstanding obligations due under the
12 reinsurance agreements subject to the trust. No later than
13 February 28 of each year, the trustee of the trust shall
14 report to the insurance regulator in writing the balance of
15 the trust and list the trust's investments at the preceding
16 year end, and shall certify that the trust will not expire
17 prior to the following December 31.

18 3. The following requirements apply to the following
19 categories of assuming insurer:

20 a. The trust fund for a single assuming insurer
21 consists of funds in trust in an amount not less than the
22 assuming insurer's liabilities attributable to reinsurance
23 ceded by United States ceding insurers, and, in addition, the
24 assuming insurer shall maintain a trusteed surplus of not less
25 than \$20 million. Not less than 50 percent of the funds in the
26 trust covering the assuming insurer's liabilities attributable
27 to reinsurance ceded by United States ceding insurers and
28 trusteed surplus shall consist of assets of a quality
29 substantially similar to that required in part II of chapter
30 625. Clean, irrevocable, unconditional, and evergreen letters
31 of credit, issued or confirmed by a qualified United States

1 financial institution, as defined in paragraph (5)(a),
2 effective no later than December 31 of the year for which the
3 filing is made and in the possession of the trust on or before
4 the filing date of its annual statement, may be used to fund
5 the remainder of the trust and trusted surplus.

6 b.(I) In the case of a group including incorporated
7 and individual unincorporated underwriters:

8 (A) For reinsurance ceded under reinsurance agreements
9 with an inception, amendment, or renewal date on or after
10 August 1, 1995, the trust consists of a trusted account in an
11 amount not less than the group's several liabilities
12 attributable to business ceded by United States domiciled
13 ceding insurers to any member of the group;

14 (B) For reinsurance ceded under reinsurance agreements
15 with an inception date on or before July 31, 1995, and not
16 amended or renewed after that date, notwithstanding the other
17 provisions of this section, the trust consists of a trusted
18 account in an amount not less than the group's several
19 insurance and reinsurance liabilities attributable to business
20 written in the United States; and

21 (C) In addition to these trusts, the group shall
22 maintain in trust a trusted surplus of which \$100 million
23 must be held jointly for the benefit of the United States
24 domiciled ceding insurers of any member of the group for all
25 years of account.

26 (II) The incorporated members of the group must not be
27 engaged in any business other than underwriting of a member of
28 the group, and are subject to the same level of regulation and
29 solvency control by the group's domiciliary regulator as the
30 unincorporated members.

31

1 (III) Within 90 days after its financial statements
2 are due to be filed with the group's domiciliary regulator,
3 the group shall provide to the insurance regulator an annual
4 certification by the group's domiciliary regulator of the
5 solvency of each underwriter member or, if a certification is
6 unavailable, financial statements, prepared by independent
7 public accountants, of each underwriter member of the group.

8 Section 6. Section 625.081, Florida Statutes, is
9 amended to read:

10 625.081 Reserve for health insurance.--For all health
11 insurance policies, the insurer shall maintain an active life
12 reserve which places a sound value on the insurer's
13 liabilities under such policies; is not less than the reserve
14 according to appropriate standards set forth in rules issued
15 by the commission; and, with the exception of credit
16 disability insurance, in no event, is less in the aggregate
17 than the pro rata gross unearned premiums for such policies.

18 Section 7. Paragraphs (a), (e), and (f) of subsection
19 (5) and subsection (13) of section 625.121, Florida Statutes,
20 are amended, and paragraphs (k) and (l) are added to
21 subsection (5) of that section, to read:

22 625.121 Standard Valuation Law; life insurance.--

23 (5) MINIMUM STANDARD FOR VALUATION OF POLICIES AND
24 CONTRACTS ISSUED ON OR AFTER OPERATIVE DATE OF STANDARD
25 NONFORFEITURE LAW.--Except as otherwise provided in paragraph
26 (h) and subsections (6), (11), and (14), the minimum standard
27 for the valuation of all such policies and contracts issued on
28 or after the operative date of s. 627.476 (Standard
29 Nonforfeiture Law for Life Insurance) shall be the
30 commissioners' reserve valuation method defined in subsections
31 (7), (11), and (14); 5 percent interest for group annuity and

1 pure endowment contracts and 3.5 percent interest for all
2 other such policies and contracts, or in the case of life
3 insurance policies and contracts, other than annuity and pure
4 endowment contracts, issued on or after July 1, 1973, 4
5 percent interest for such policies issued prior to October 1,
6 1979, and 4.5 percent interest for such policies issued on or
7 after October 1, 1979; and the following tables:

8 (a) For all ordinary policies of life insurance issued
9 on the standard basis, excluding any disability and accidental
10 death benefits in such policies:

11 1. For policies issued prior to the operative date of
12 s. 627.476(9), the commissioners' 1958 Standard Ordinary
13 Mortality Table; except that, for any category of such
14 policies issued on female risks, modified net premiums and
15 present values, referred to in subsection (7), may be
16 calculated according to an age not more than 6 years younger
17 than the actual age of the insured. ~~and~~

18 2. For policies issued on or after the operative date
19 of s. 627.476(9), the commissioners' 1980 Standard Ordinary
20 Mortality Table or, at the election of the insurer for any one
21 or more specified plans of life insurance, the commissioners'
22 1980 Standard Ordinary Mortality Table with Ten-Year Select
23 Mortality Factors.

24 3. For policies issued on or after July 1, 2004,
25 ordinary mortality tables, adopted after 1980 by the National
26 Association of Insurance Commissioners, adopted by rule by the
27 commission for use in determining the minimum standard of
28 valuation for such policies.

29 (e) For total and permanent disability benefits in or
30 supplementary to ordinary policies or contracts:

31

1 1. For policies or contracts issued on or after
2 January 1, 1966, the tables of period 2 disablement rates and
3 the 1930 to 1950 termination rates of the 1952 disability
4 study of the Society of Actuaries, with due regard to the type
5 of benefit;

6 2. For policies or contracts issued on or after
7 January 1, 1961, and prior to January 1, 1966, either those
8 tables or, at the option of the insurer, the class three
9 disability table (1926); ~~and~~

10 3. For policies issued prior to January 1, 1961, the
11 class three disability table (1926); ~~and~~

12 4. For policies or contracts issued on or after July
13 1, 2004, tables of disablement rates and termination rates
14 adopted after 1980 by the National Association of Insurance
15 Commissioners, adopted by rule by the commission for use in
16 determining the minimum standard of valuation for those
17 policies or contracts.

18
19 Any such table for active lives shall be combined with a
20 mortality table permitted for calculating the reserves for
21 life insurance policies.

22 (f) For accidental death benefits in or supplementary
23 to policies:

24 1. For policies issued on or after January 1, 1966,
25 the 1959 Accidental Death Benefits Table;

26 2. For policies issued on or after January 1, 1961,
27 and prior to January 1, 1966, either that table or, at the
28 option of the insurer, the Intercompany Double Indemnity
29 Mortality Table; ~~and~~

30 3. For policies issued prior to January 1, 1961, the
31 Intercompany Double Indemnity Mortality Table; ~~and~~

1 4. For policies issued on or after July 1, 2004,
2 tables of accidental death benefits adopted after 1980 by the
3 National Association of Insurance Commissioners, adopted by
4 rule by the commission for use in determining the minimum
5 standard of valuation for those policies.

6
7 Either table shall be combined with a mortality table
8 permitted for calculating the reserves for life insurance
9 policies.

10 (k) For individual annuity and pure endowment
11 contracts issued on or after July 1, 2004, excluding any
12 disability and accidental death benefits purchased under those
13 contracts, individual annuity mortality tables adopted after
14 1980 by the National Association of Insurance Commissioners,
15 adopted by rule by the commission for use in determining the
16 minimum standard of valuation for those contracts.

17 (l) For all annuities and pure endowments purchased on
18 or after July 1, 2004, under group annuity and pure endowment
19 contracts, excluding any disability and accidental death
20 benefits purchased under those contracts, group annuity
21 mortality tables adopted after 1980 by the National
22 Association of Insurance Commissioners, adopted by rule by the
23 commission for use in determining the minimum standard of
24 valuation for those contracts.

25 (13) ~~APPLICABILITY TO~~ CREDIT LIFE AND DISABILITY
26 ~~INSURANCE~~ POLICIES.--

27 (a) For policies issued prior to January 1, 2004:

28 1. The minimum reserve for single-premium credit
29 disability insurance, monthly premium credit life insurance
30 and monthly premium credit disability insurance shall be the
31 unearned gross premium.

1 2. As to single-premium credit life insurance
2 policies, the insurer shall establish and maintain reserves
3 that are not less than the value, at the valuation date, of
4 the risk for the unexpired portion of the period for which the
5 premium has been paid as computed on the basis of the
6 commissioners' 1980 Standard Ordinary Mortality Table and 3.5
7 percent interest. At the discretion of the office, the insurer
8 may make a reasonable assumption as to the ages at which net
9 premiums are to be determined. In lieu of the foregoing basis,
10 reserves based upon unearned gross premiums may be used at the
11 option of the insurer.

12 (b) For policies issued on or after January 1, 2004:

13 1. The minimum reserve for single-premium credit
14 disability insurance shall be either:

15 a. The unearned gross premium, or

16 b. Based upon a morbidity table that is adopted by the
17 National Association of Insurance Commissioners and is
18 specified in a rule the commission adopts pursuant to
19 subsection (14).

20 2. The minimum reserve for monthly premium credit
21 disability insurance shall be the unearned gross premium.

22 3. The minimum reserve for monthly premium credit life
23 insurance shall be the unearned gross premium.

24 4. As to single-premium credit life insurance
25 policies, the insurer shall establish and maintain reserves
26 that are not less than the value, at the valuation date, of
27 the risk for the unexpired portion of the period for which the
28 premium has been paid as computed on the basis of the
29 commissioners' 1980 Standard Ordinary Mortality Table or any
30 ordinary mortality table, adopted after 1980 by the National
31 Association of Insurance Commissioners, that is approved by

1 rule adopted by the commission for use in determining the
2 minimum standard of valuation for such policies; and an
3 interest rate determined in accordance with subsection (6). At
4 the discretion of the office, the insurer may make a
5 reasonable assumption as to the ages at which net premiums are
6 to be determined. In lieu of the foregoing basis, reserves
7 based upon unearned gross premiums may be used at the option
8 of the insurer.~~This section does not apply as to those credit~~
9 ~~life insurance policies for which reserves are computed and~~
10 ~~maintained as required under s. 625.131.~~

11 Section 8. Paragraphs (c) and (d) of subsection (1) of
12 section 626.321, Florida Statutes, are amended to read:

13 626.321 Limited licenses.--

14 (1) The department shall issue to a qualified
15 individual, or a qualified individual or entity under
16 paragraphs (c), (d), (e), and (i), a license as agent
17 authorized to transact a limited class of business in any of
18 the following categories:

19 (c) Personal accident insurance.--License covering
20 only policies of personal accident insurance covering the
21 risks of travel, except as provided in subparagraph 2. The
22 license may be issued only:

23 1. To a full-time salaried employee of a common
24 carrier or a full-time salaried employee or owner of a
25 transportation ticket agency and may authorize the sale of
26 such ticket policies only in connection with the sale of
27 transportation tickets, or to the full-time salaried employee
28 of such an agent. No such policy shall be for a duration of
29 more than 48 hours or for the duration of a specified one-way
30 trip or round trip.

31

1 2. To a full-time salaried employee of a business
2 which offers motor vehicles for rent or lease, or to a
3 business entity ~~office of a business~~ which offers motor
4 vehicles for rent or lease ~~if insurance sales activities~~
5 ~~authorized by the license are limited to full-time salaried~~
6 ~~employees~~. A business office licensed or a person licensed
7 pursuant to this subparagraph may, as an agent of an insurer,
8 transact insurance that provides coverage for accidental
9 personal injury or death of the lessee and any passenger who
10 is riding or driving with the covered lessee in the rental
11 motor vehicle if the lease or rental agreement is for not more
12 than 30 days, or if the lessee is not provided coverage for
13 more than 30 consecutive days per lease period; however, if
14 the lease is extended beyond 30 days, the coverage may be
15 extended one time only for a period not to exceed an
16 additional 30 days.

17 (d) Baggage and motor vehicle excess liability
18 insurance.--

19 1. License covering only insurance of personal effects
20 except as provided in subparagraph 2. The license may be
21 issued only:

22 a. To a full-time salaried employee of a common
23 carrier or a full-time salaried employee or owner of a
24 transportation ticket agency, which person is engaged in the
25 sale or handling of transportation of baggage and personal
26 effects of travelers, and may authorize the sale of such
27 insurance only in connection with such transportation; or

28 b. To the full-time salaried employee of a licensed
29 general lines agent, ~~a full-time salaried employee of a~~
30 ~~business which offers motor vehicles for rent or lease, or to~~
31 ~~a business office of a business~~ entity that ~~which~~ offers motor

1 vehicles for rent or lease if insurance sales activities
2 authorized by the license are in connection with and
3 incidental to the rental of a motor vehicle limited to
4 ~~full-time salaried employees.~~ An entity applying for a license
5 under this sub-subparagraph:

6 (I) Is required to submit only one application for a
7 license under s. 626.171. The requirements of s. 626.171(5)
8 shall apply only to the officers and directors of the entity
9 submitting the application.

10 (II) Is required to obtain a license for each office,
11 branch office, or place of business making use of the entity's
12 business name by applying to the department for the license on
13 a simplified application form developed by rule of the
14 department for this purpose.

15 (III) Is required to pay the applicable fees for a
16 license as prescribed in s. 624.501, be appointed under s.
17 626.112, and pay the prescribed appointment fee under s.
18 624.501. A licensed and appointed entity shall be directly
19 responsible and accountable for all acts of the licensee's
20 employees.

21
22 The purchaser of baggage insurance shall be provided written
23 information disclosing that the insured's homeowner's policy
24 may provide coverage for loss of personal effects and that the
25 purchase of such insurance is not required in connection with
26 the purchase of tickets or in connection with the lease or
27 rental of a motor vehicle.

28 2. A business entity that ~~office licensed pursuant to~~
29 ~~subparagraph 1., or a person licensed pursuant to subparagraph~~
30 ~~1. who is a full-time salaried employee of a business which~~
31 offers motor vehicles for rent or lease, may include lessees

1 under a master contract providing coverage to the lessor or
2 may transact excess motor vehicle liability insurance
3 providing coverage in excess of the standard liability limits
4 provided by the lessor in its lease to a person renting or
5 leasing a motor vehicle from the licensee's employer for
6 liability arising in connection with the negligent operation
7 of the leased or rented motor vehicle, provided that the lease
8 or rental agreement is for not more than 30 days; that the
9 lessee is not provided coverage for more than 30 consecutive
10 days per lease period, and, if the lease is extended beyond 30
11 days, the coverage may be extended one time only for a period
12 not to exceed an additional 30 days; that the lessee is given
13 written notice that his or her personal insurance policy
14 providing coverage on an owned motor vehicle may provide
15 additional excess coverage; and that the purchase of the
16 insurance is not required in connection with the lease or
17 rental of a motor vehicle. The excess liability insurance may
18 be provided to the lessee as an additional insured on a policy
19 issued to the licensee's employer.

20 3. A business entity that ~~office licensed pursuant to~~
21 ~~subparagraph 1., or a person licensed pursuant to subparagraph~~
22 ~~1. who is a full-time salaried employee of a business which~~
23 offers motor vehicles for rent or lease, may, as an agent of
24 an insurer, transact insurance that provides coverage for the
25 liability of the lessee to the lessor for damage to the leased
26 or rented motor vehicle if:

27 a. The lease or rental agreement is for not more than
28 30 days; or the lessee is not provided coverage for more than
29 30 consecutive days per lease period, but, if the lease is
30 extended beyond 30 days, the coverage may be extended one time
31 only for a period not to exceed an additional 30 days;

1 b. The lessee is given written notice that his or her
2 personal insurance policy that provides coverage on an owned
3 motor vehicle may provide such coverage with or without a
4 deductible; and

5 c. The purchase of the insurance is not required in
6 connection with the lease or rental of a motor vehicle.

7 Section 9. Section 626.9743, Florida Statutes, is
8 created to read:

9 626.9743 Claim settlement practices relating to motor
10 vehicle insurance.--

11 (1) This section shall apply to the adjustment and
12 settlement of personal and commercial motor vehicle insurance
13 claims.

14 (2) An insurer may not, when liability and damages
15 owed under the policy are reasonably clear, recommend that a
16 third-party claimant make a claim under his or her own policy
17 solely to avoid paying the claim under the policy issued by
18 that insurer. However, the insurer may identify options to a
19 third-party claimant relative to the repair of his or her
20 vehicle.

21 (3) An insurer that elects to repair a motor vehicle
22 and specifically requires a particular repair shop for vehicle
23 repairs shall cause the damaged vehicle to be restored to its
24 physical condition as to performance and appearance
25 immediately prior to the loss at no additional cost to the
26 insured or third-party claimant other than as stated in the
27 policy.

28 (4) An insurer may not require the use of replacement
29 parts in the repair of a motor vehicle which are not at least
30 equivalent in kind and quality to the damaged parts prior to
31 the loss in terms of fit, appearance, and performance.

1 (5) When the insurance policy provides for the
2 adjustment and settlement of first-party motor vehicle total
3 losses on the basis of actual cash value or replacement with
4 another of like kind and quality, the insurer shall use one of
5 the following methods:

6 (a) The insurer may elect a cash settlement based upon
7 the actual cost to purchase a comparable motor vehicle,
8 including sales tax, if applicable pursuant to subsection (9).
9 Such cost may be derived from:

10 1. When comparable motor vehicles are available in the
11 local market area, the cost of two or more such comparable
12 motor vehicles available within the preceding 90 days;

13 2. The retail cost as determined from a generally
14 recognized used motor vehicle industry source such as:

15 a. An electronic database if the pertinent portions of
16 the valuation documents generated by the database are provided
17 by the insurer to the first-party insured upon request; or

18 b. A guidebook that is generally available to the
19 general public if the insurer identifies the guidebook used as
20 the basis for the retail cost to the first-party insured upon
21 request; or

22 3. The retail cost using two or more quotations
23 obtained by the insurer from two or more licensed dealers in
24 the local market area.

25 (b) The insurer may elect to offer a replacement motor
26 vehicle that is a specified comparable motor vehicle available
27 to the insured, including sales tax if applicable pursuant to
28 subsection (9), paid for by the insurer at no cost other than
29 any deductible provided in the policy and betterment as
30 provided in subsection (6). The offer must be documented in
31 the insurer's claim file. For purposes of this subsection, a

1 comparable motor vehicle is one that is made by the same
2 manufacturer, of the same or newer model year, and of similar
3 body type and that has similar options and mileage as the
4 insured vehicle. Additionally, a comparable motor vehicle must
5 be in as good or better overall condition than the insured
6 vehicle and available for inspection within a reasonable
7 distance of the insured's residence.

8 (c) When a motor vehicle total loss is adjusted or
9 settled on a basis that varies from the methods described in
10 paragraph (a) or paragraph (b), the determination of value
11 must be supported by documentation, and any deductions from
12 value must be itemized and specified in appropriate dollar
13 amounts. The basis for such settlement shall be explained to
14 the claimant in writing, if requested, and a copy of the
15 explanation shall be retained in the insurer's claim file.

16 (d) Any other method agreed to by the claimant.

17 (6) When the amount offered in settlement reflects a
18 reduction by the insurer because of betterment or
19 depreciation, information pertaining to the reduction shall be
20 maintained with the insurer's claim file. Deductions shall be
21 itemized and specific as to dollar amount and shall accurately
22 reflect the value assigned to the betterment or depreciation.
23 The basis for any deduction shall be explained to the claimant
24 in writing, if requested, and a copy of the explanation shall
25 be maintained with the insurer's claim file.

26 (7) Every insurer shall, if partial losses are settled
27 on the basis of a written estimate prepared by or for the
28 insurer, supply the insured a copy of the estimate upon which
29 the settlement is based.

30 (8) Every insurer shall provide notice to an insured
31 before termination of payment for previously authorized

1 storage charges, and the notice shall provide 72 hours for the
2 insured to remove the vehicle from storage before terminating
3 payment of the storage charges.

4 (9) If sales tax will necessarily be incurred by a
5 claimant upon replacement of a total loss or upon repair of a
6 partial loss, the insurer may defer payment of the sales tax
7 unless and until the obligation has actually been incurred.

8 (10) Nothing in this section shall be construed to
9 authorize or preclude enforcement of policy provisions
10 relating to settlement disputes.

11 Section 10. Section 626.9744, Florida Statutes, is
12 created to read:

13 626.9744 Claim settlement practices relating to
14 property insurance.--Unless otherwise provided by the policy,
15 when a homeowner's insurance policy provides for the
16 adjustment and settlement of first-party losses based on
17 repair or replacement cost, the following requirements apply:

18 (1) When a loss requires repair or replacement of an
19 item or part, any physical damage incurred in making such
20 repair or replacement which is covered and not otherwise
21 excluded by the policy shall be included in the loss to the
22 extent of any applicable limits. The insured may not be
23 required to pay for betterment required by ordinance or code
24 except for the applicable deductible, unless specifically
25 excluded or limited by the policy.

26 (2) When a loss requires replacement of items and the
27 replaced items do not match in quality, color, or size, the
28 insurer shall make reasonable repairs or replacement of items
29 in adjoining areas. In determining the extent of the repairs
30 or replacement of items in adjoining areas, the insurer may
31 consider the cost of repairing or replacing the undamaged

1 portions of the property, the degree of uniformity that can be
2 achieved without such cost, the remaining useful life of the
3 undamaged portion, and other relevant factors.

4 (3) This section shall not be construed to make the
5 insurer a warrantor of the repairs made pursuant to this
6 section.

7 (4) Nothing in this section shall be construed to
8 authorize or preclude enforcement of policy provisions
9 relating to settlement disputes.

10 Section 11. Effective July 1, 2004, and applicable to
11 cancellation requests and notices received on or after that
12 date, subsection (3) of section 627.311, Florida Statutes, is
13 amended to read:

14 627.311 Joint underwriters and joint reinsurers;
15 public records and public meetings exemptions.--

16 (3) The office may, after consultation with insurers
17 licensed to write automobile insurance in this state, approve
18 a joint underwriting plan for purposes of equitable
19 apportionment or sharing among insurers of automobile
20 liability insurance and other motor vehicle insurance, as an
21 alternate to the plan required in s. 627.351(1). All insurers
22 authorized to write automobile insurance in this state shall
23 subscribe to the plan and participate therein. The plan shall
24 be subject to continuous review by the office which may at any
25 time disapprove the entire plan or any part thereof if it
26 determines that conditions have changed since prior approval
27 and that in view of the purposes of the plan changes are
28 warranted. Any disapproval by the office shall be subject to
29 the provisions of chapter 120. The Florida Automobile Joint
30 Underwriting Association is created under the plan. The plan
31 and the association:

1 (a) Must be subject to all provisions of s.
2 627.351(1), except apportionment of applicants.

3 (b) May provide for one or more designated insurers,
4 able and willing to provide policy and claims service, to act
5 on behalf of all other insurers to provide insurance for
6 applicants who are in good faith entitled to, but unable to,
7 procure insurance through the voluntary insurance market at
8 standard rates.

9 (c) Must provide that designated insurers will issue
10 policies of insurance and provide policyholder and claims
11 service on behalf of all insurers for the joint underwriting
12 association.

13 (d) Must provide for the equitable apportionment among
14 insurers of losses and expenses incurred.

15 (e) Must provide that the joint underwriting
16 association will operate subject to the supervision and
17 approval of a board of governors consisting of 11 individuals,
18 including 1 who will be elected as chair. Five members of the
19 board must be appointed by the Chief Financial Officer. Two of
20 the Chief Financial Officer's appointees must be chosen from
21 the insurance industry. Any board member appointed by the
22 Chief Financial Officer may be removed and replaced by her or
23 him at any time without cause. Six members of the board must
24 be appointed by the participating insurers, two of whom must
25 be from the insurance agents' associations. All board members,
26 including the chair, must be appointed to serve for 2-year
27 terms beginning annually on a date designated by the plan.

28 (f) Must provide that an agent appointed to a
29 servicing carrier must be a licensed general lines agent of an
30 insurer which is authorized to write automobile liability and
31 physical damage insurance in the state and which is actively

1 writing such coverage in the county in which the agent is
2 located, or the immediately adjoining counties, or an agent
3 who places a volume of other property and casualty insurance
4 in an amount equal to the premium volume placed with the
5 Florida Joint Underwriting Association. The office may,
6 however, determine that an agent may be appointed to a
7 servicing carrier if, after public hearing, the office finds
8 that consumers in the agent's operating area would not have
9 adequate and reasonable access to the purchase of automobile
10 insurance if the agent were not appointed to a servicing
11 carrier.

12 (g) Must make available noncancelable coverage as
13 provided in s. 627.7275(2).

14 (h) Must provide for the furnishing of a list of
15 insureds and their mailing addresses upon the request of a
16 member of the association or an insurance agent licensed to
17 place business with an association member. The list must
18 indicate whether the insured is currently receiving a good
19 driver discount from the association. The plan may charge a
20 reasonable fee to cover the cost incurred in providing the
21 list.

22 (i) Must not provide a renewal credit or discount or
23 any other inducement designed to retain a risk.

24 (j) Must not provide any other good driver credit or
25 discount that is not actuarially sound. In addition to other
26 criteria that the plan may specify, to be eligible for a good
27 driver credit, an insured must not have any criminal traffic
28 violations within the most recent 36-month period preceding
29 the date the discount is received.

30 (k)1. Shall have no liability, and no cause of action
31 of any nature shall arise against any member insurer or its

1 agents or employees, agents or employees of the association,
2 members of the board of governors of the association, the
3 Chief Financial Officer, or the office or its representatives
4 for any action taken by them in the performance of their
5 duties or responsibilities under this subsection. Such
6 immunity does not apply to actions for or arising out of
7 breach of any contract or agreement pertaining to insurance,
8 or any willful tort.

9 2. Notwithstanding the requirements of s.
10 624.155(3)(a), as a condition precedent to bringing an action
11 against the plan under s. 624.155, the department and the plan
12 must have been given 90 days' written notice of the violation.
13 If the department returns a notice for lack of specificity,
14 the 90-day time period shall not begin until a proper notice
15 is filed. This notice must comply with the information
16 requirements of s. 624.155(3)(b). Effective October 1, 2007,
17 this subparagraph shall expire unless reenacted by the
18 Legislature prior to that date.

19 (1) May require from the insured proof that he or she
20 has obtained the mandatory types and amounts of insurance from
21 another admitted carrier prior to the cancellation of a policy
22 the insured obtained from the plan and prior to the return of
23 any unearned premium the insured paid for such coverage from
24 the plan. This paragraph does not apply to any person who
25 provides proof of sale or inoperability of the vehicle covered
26 under the policy purchased from the plan or relocation outside
27 the state.

28 Section 12. Subsection (5) is added to section
29 627.4091, Florida Statutes, to read:

30 627.4091 Specific reasons for denial, cancellation, or
31 nonrenewal.--

1 (5) When an insurer refuses to provide private
2 passenger automobile insurance or personal lines residential
3 property insurance, including, but not limited to,
4 homeowner's, mobile home owner's, condominium unit owner's, or
5 other insurance covering a personal residential structure, to
6 an applicant due to adverse underwriting information, the
7 insurer shall:

8 (a) Provide to the applicant specific information
9 regarding the reasons for the refusal to insure.

10 (b) If the reason for the refusal to insure is based
11 on a loss underwriting history or report from a consumer
12 reporting agency, to the extent applicable identify the loss
13 underwriting history and notify the applicant of his or her
14 right under the federal Fair and Accurate Credit Transactions
15 Act to obtain a copy of the report from the consumer reporting
16 agency.

17 Section 13. Effective upon this act becoming a law,
18 subsections (4) and (5) are added to section 627.4133, Florida
19 Statutes, to read:

20 627.4133 Notice of cancellation, nonrenewal, or
21 renewal premium.--

22 (4) An insurer that cancels a property insurance
23 policy on property secured by a mortgage due to the failure of
24 the lender to timely pay the premium when due shall reinstate
25 the policy as required by s. 501.137.

26 (5) A single claim on a property insurance policy
27 which is the result of water damage may not be used as the
28 sole cause for cancellation or nonrenewal unless the insurer
29 can demonstrate that the insured has failed to take action
30 reasonably requested by the insurer to prevent a future
31 similar occurrence of damage to the insured property.

1 Section 14. Paragraph (h) of subsection (9) of section
2 627.476, Florida Statutes, is amended to read:

3 627.476 Standard Nonforfeiture Law for Life
4 Insurance.--

5 (9) CALCULATION OF ADJUSTED PREMIUMS AND PRESENT
6 VALUES FOR POLICIES ISSUED AFTER OPERATIVE DATE OF THIS
7 SUBSECTION.--

8 (h) All adjusted premiums and present values referred
9 to in this section shall for all policies of ordinary
10 insurance be calculated on the basis of the Commissioners'
11 1980 Standard Ordinary Mortality Table or, at the election of
12 the insurer for any one or more specified plans of life
13 insurance, the Commissioners' 1980 Standard Ordinary Mortality
14 Table with Ten-Year Select Mortality Factors; shall for all
15 policies of industrial insurance be calculated on the basis of
16 the Commissioners' 1961 Standard Industrial Mortality Table;
17 and shall for all policies issued in a particular calendar
18 year be calculated on the basis of a rate of interest not
19 exceeding the nonforfeiture interest rate as defined in this
20 subsection for policies issued in that calendar year. However:

21 1. At the option of the insurer, calculations for all
22 policies issued in a particular calendar year may be made on
23 the basis of a rate of interest not exceeding the
24 nonforfeiture interest rate, as defined in this subsection,
25 for policies issued in the immediately preceding calendar
26 year.

27 2. Under any paid-up nonforfeiture benefit, including
28 any paid-up dividend additions, any cash surrender value
29 available, whether or not required by subsection (2), shall be
30 calculated on the basis of the mortality table and rate of
31

1 interest used in determining the amount of such paid-up
2 nonforfeiture benefit and paid-up dividend additions, if any.

3 3. An insurer may calculate the amount of any
4 guaranteed paid-up nonforfeiture benefit, including any
5 paid-up additions under the policy, on the basis of an
6 interest rate no lower than that specified in the policy for
7 calculating cash surrender values.

8 4. In calculating the present value of any paid-up
9 term insurance with accompanying pure endowment, if any,
10 offered as a nonforfeiture benefit, the rates of mortality
11 assumed may be not more than those shown in the Commissioners'
12 1980 Extended Term Insurance Table for policies of ordinary
13 insurance and not more than the Commissioners' 1961 Industrial
14 Extended Term Insurance Table for policies of industrial
15 insurance.

16 5. In lieu of the mortality tables specified in this
17 section, at the option of the insurance company and subject to
18 rules adopted by the commission, the insurance company may
19 substitute:

20 a. The 1958 CSO or CET Smoker and Nonsmoker Mortality
21 Tables, whichever is applicable, for policies issued on or
22 after the operative date of this subsection and before January
23 1, 1989;

24 b. The 1980 CSO or CET Smoker and Nonsmoker Mortality
25 Tables, whichever is applicable, for policies issued on or
26 after the operative date of this subsection;

27 c. A mortality table that is a blend of the
28 sex-distinct 1980 CSO or CET mortality table standard,
29 whichever is applicable, or a mortality table that is a blend
30 of the sex-distinct 1980 CSO or CET smoker and nonsmoker
31 mortality table standards, whichever is applicable, for

1 policies that are subject to the United States Supreme Court
2 decision in Arizona Governing Committee v. Norris to prevent
3 unfair discrimination in employment situations.

4 6. Ordinary mortality tables, adopted after 1980 by
5 the National Association of Insurance Commissioners, adopted
6 by rule by the commission for use in determining the minimum
7 nonforfeiture standard may be substituted for the
8 Commissioners' 1980 Standard Ordinary Mortality Table with or
9 without Ten-Year Select Mortality Factors or for the
10 Commissioners' 1980 Extended Term Insurance Table.

11 ~~7.6.~~ For insurance issued on a substandard basis, the
12 calculation of any such adjusted premiums and present values
13 may be based on appropriate modifications of the
14 aforementioned tables.

15 Section 15. Section 627.7077, Florida Statutes, is
16 created to read:

17 627.7077 Florida Sinkhole Insurance Facility and other
18 matters related to affordability and availability of sinkhole
19 insurance; feasibility study.--

20 (1) The Florida State University College of Business
21 Department of Risk Management and Insurance shall, under the
22 direction of the office, conduct a feasibility and
23 cost-benefit study of a potential Florida Sinkhole Insurance
24 Facility and of other matters related to affordability and
25 availability of sinkhole insurance. The study shall be
26 conducted in consultation with the State Board of
27 Administration and the Florida Geological Survey. The
28 university shall provide a preliminary report of its analysis,
29 findings, and recommendations to the Financial Services
30 Commission and the presiding officers of the Legislature no
31

1 later than February 1, 2005, and shall provide a final report
2 no later than April 1, 2005.

3 (2) The potential functions of the facility to be
4 analyzed include:

5 (a) Serving as the direct insurer or the reinsurer for
6 all or some sinkhole losses.

7 (b) Providing training, communication, and other
8 educational services to the public, engineers, the
9 construction industry, insurance professionals, or others.

10 (c) Providing uniform standards for use by insurers in
11 evaluating sinkhole loss claims.

12 (d) Providing consulting services for insurers.

13 (e) Maintaining a public database of all confirmed
14 sinkholes and paid sinkhole loss claims, for use by consumers
15 and by the insurance, building construction, banking, and real
16 estate industries.

17 (3) The feasibility study shall, at a minimum, address
18 the following issues:

19 (a) Where the facility should be housed, including,
20 but not limited to, the options of creating a separate
21 facility or using the Citizens Property Insurance Corporation
22 or the Florida Hurricane Catastrophe Fund.

23 (b) Federal income taxation implications.

24 (c) Funding options and costs associated with
25 operating the facility, including means of funding sinkhole
26 insurance through premiums that are adequate to fund covered
27 losses.

28 (d) Applicability of the experience of similar
29 facilities of other states.

30 (e) Other economic impact considerations pertinent to
31 a facility.

1 (f) Alternative dispute resolution mechanisms.

2 (g) The impact of all present requirements in the
3 Florida Insurance Code on affordability and availability of
4 sinkhole insurance and recommendations to address such
5 impacts.

6 (4) The study shall be funded from a budget of no more
7 than \$300,000, which will be funded by assessments on insurers
8 issuing property insurance in this state. Such assessments
9 shall be collected by the office and shall be prorated among
10 such insurers according to a formula whereby each insurer
11 shall pay a fraction of such budget, the numerator of which
12 shall be such insurer's direct earned premiums for property
13 insurance in this state and the denominator of which shall be
14 the total direct earned premiums for property insurance in
15 this state for calendar year 2003.

16 Section 16. Section 627.838, Florida Statutes, is
17 amended to read:

18 627.838 Filing and approval of forms; service
19 charges.--

20 (1) No premium finance agreement form or related form
21 shall be used in this state by a premium finance company
22 unless it has been filed with and approved by the office.
23 Every filing shall be made within 30 days of issuance or use.

24 (2) Each premium finance company shall file with the
25 office the service charge and interest rate plan, including
26 all modifications thereto, for informational purposes only.
27 Every filing shall be made within 30 days of its effective
28 date.

29 ~~(3) Each filing shall be accompanied by the filing fee~~
30 ~~specified in s. 627.849.~~

31

1 Section 17. Paragraph (e) of subsection (1) of section
2 627.848, Florida Statutes, is amended to read:

3 627.848 Cancellation of insurance contract upon
4 default.--

5 (1) When a premium finance agreement contains a power
6 of attorney or other authority enabling the premium finance
7 company to cancel any insurance contract listed in the
8 agreement, the insurance contract shall not be canceled unless
9 cancellation is in accordance with the following provisions:

10 (e) Whenever a financed ~~an~~ insurance contract is
11 ~~canceled in accordance with this section~~, the insurer shall,
12 within 30 days of the cancellation date, ~~promptly~~ return the
13 unpaid balance due under the finance contract, up to the gross
14 amount available upon the cancellation of the policy, to the
15 premium finance company and any remaining unearned premium to
16 the agent or the insured, or both, for the benefit of the
17 insured or insureds. The insurer shall, within 30 days of the
18 cancellation date, notify the insured and the agent of the
19 amount of unearned premium returned to the premium finance
20 company and the amount of unearned commission held by the
21 agent. The premium finance company shall, within 15 days after
22 the account has been overpaid, either refund to the insured
23 for the insured's benefit any refund due on his or her account
24 or, if the refund is sent or credited to the agent, return or
25 credit to the agent the amount of the overpayment and notify
26 the insured of the refunded amount. ~~The premium finance~~
27 ~~company within 15 days shall notify the insured and the agent~~
28 ~~of the amount of unearned premium.~~ Within 15 days of receipt
29 of notification from the premium finance company, the agent
30 shall return such amount including any unearned commission to
31 the insured or with the written approval of the insured apply

1 such amount to the purchase of other insurance products
2 regulated by the office. The commission may adopt rules
3 necessary to implement the provisions of this subsection.

4 Section 18. Subsection (1) of section 627.849, Florida
5 Statutes, is amended to read:

6 627.849 Fees.--

7 (1) The office shall collect in advance, and the
8 persons so served shall pay to it in advance, the following
9 fees:

- 10 (a) Annual license fee.....\$250
- 11 (b) Investigation fee.....100
- 12 (c) Annual report filing fee.....25
- 13 ~~(d) Form filing fee.....10~~

14 Section 19. Analysis of factors affecting premium
15 levels and availability of personal lines property and
16 casualty insurance to consumers in Florida.--

17 (1) The Legislative Auditing Committee shall enter
18 into a contract with the Florida State University College of
19 Business Department of Risk Management and Insurance to
20 provide, no later than February 1, 2005, a detailed analysis
21 of factors affecting costs and potential assessments on
22 consumers, and availability, of personal lines property and
23 casualty insurance in Florida generally and in those areas in
24 which coverage is underwritten by the Citizens Property and
25 Casualty Insurance Company. The analysis shall include an
26 evaluation of such factors and recommendations appropriate to
27 moderate or enhance their impact on premiums potential
28 assessments and availability of such insurance. Such factors
29 shall include, but are not limited to:

30 (a) The factors affecting the level of competition and
31 premium levels specifically, including the impact of rate

1 regulation and possible rating law reforms, and including
2 reforms that have succeeded or failed in other states.

3 (b) The cost and benefits of required coverages and of
4 restrictions on optional coverages that could otherwise be
5 made available to consumers.

6 (c) Such other information as may be useful to the
7 Legislature in determining how to increase availability and,
8 over the short and long term, to moderate costs and potential
9 consumer assessments.

10 (2) The study shall be funded from a budget of no more
11 than \$250,000, which shall be funded by assessments on
12 insurers issuing personal lines property and casualty
13 insurance in the state. Such assessments shall be collected by
14 the Office of Insurance Regulation and shall be prorated among
15 such insurers according to a formula whereby each insurer
16 shall pay a fraction of such budget, the numerator of which
17 shall be such insurer's direct earned premiums for personal
18 lines property and casualty insurance in the state and the
19 denominator of which shall be the total direct earned premiums
20 for personal lines property and casualty insurance in the
21 state for calendar year 2003.

22 (3) The Department of Financial Services, the Office
23 of Insurance Regulation, and insurers shall cooperate with the
24 Florida State University College of Business Department of
25 Risk Management and Insurance conducting the analysis and
26 shall provide such information as the Florida State University
27 College of Business Department of Risk Management and
28 Insurance may request in the format requested by the
29 university.

30 Section 20. Section 625.131, Florida Statutes, is
31 repealed.

1 Section 21. Nothing in this act shall be construed to
2 create or be the basis of a civil action. Nothing in this act
3 shall be construed as limiting settlement or adjustment of
4 claims by methods that are otherwise permissible under Florida
5 law.

6 Section 22. Except as otherwise expressly provided in
7 this act and except for this section, which shall take effect
8 upon becoming a law, this act shall take effect July 1, 2004.

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