

By Senator Dockery

15-1896A-04

See HB

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A bill to be entitled
An act relating to service warranty
associations; amending s. 634.406, F.S.;
providing certain circumstances under which a
service warranty association is not required to
establish unearned premium reserve or maintain
contractual liability insurance; providing
criteria; providing an effective date.

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

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

634.406 Financial requirements.--

(8) An association licensed under this part is not
required to establish an unearned premium reserve or maintain
contractual liability insurance and may allow its premiums to
exceed the limitation provided in this section for a 7-to-1
ratio to net if the association is a wholly owned subsidiary
of a parent corporation which satisfies the following or the
association satisfies the following:

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

1 (b) Maintains outstanding debt obligations, if any,
2 rated in the top four rating categories by a recognized rating
3 service;

4 (c) Has, and maintains at all times, a minimum net
5 worth of at least \$100 million as evidenced by certified
6 financial statements prepared by an independent certified
7 public accountant in accordance with generally accepted
8 accounting principles; and

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

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

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