

Bill No. CS for CS for SB 1912

Barcode 241796

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Argenziano moved the following amendment:

Senate Amendment (with title amendment)

On page 39, between lines 20 and 21,

insert:

Section 34. Section 626.594, Florida Statutes, is
created to read:

626.594 Disclosure of producer compensation.--

(1) If an insurance producer or an affiliate of the
producer either receives compensation from a customer for the
placement of insurance or represents the customer regarding
that placement pursuant to a contract between the producer and
the customer, the producer or any affiliate may not receive
compensation from an insurer or other third party related to
that placement of insurance unless the producer, prior to the
customer's purchase of insurance, has:

(a) Obtained the customer's written acknowledgement
that such compensation will be received by the producer or
affiliate; and

(b) Disclosed the amount of compensation received from

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1 the insurer or other third party for that placement. If the
2 amount of compensation is not known at the time of disclosure,
3 the producer shall disclose the specific method for
4 calculating the compensation, the nature of the consideration
5 if other than monetary, and, if possible, a reasonable
6 estimate of the amount. The disclosure must be made in a
7 separate document signed and retained by the insured which
8 contains the heading "Important Information Concerning
9 Compensation Received By Your Agent" or similar wording that
10 clearly indicates the subject of the disclosure. If insurance
11 coverage is purchased telephonically, the disclosure document
12 need not be signed by the customer but must be transmitted to
13 the customer at the time coverage is effectuated.

14
15 For purposes of this subsection, an agent placing insurance
16 coverage pursuant to sections 626.752, 626.793 or 626.837 is
17 not representing the customer with respect to that placement.

18 (2) A person is not a customer for purposes of this
19 section if the person is:

20 (a) A participant in or beneficiary of an employee
21 benefit plan and individual coverage is not solicited by the
22 producer;

23 (b) Covered by a group or blanket insurance policy or
24 group annuity contract sold, solicited, or negotiated by the
25 producer or affiliate and the producer did not solicit the
26 purchase of insurance by individual insureds; or

27 (c) An authorized or eligible insurer.

28 (3) Disclosure is not required of a person who is
29 licensed as an insurance producer who acts only as an
30 intermediary between an insurer and the customer's producer,
31 such as a managing general agent, a sales manager, or

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1 wholesale broker.

2 (4) As used in this section, the term:

3 (a) "Affiliate" means a person who controls, is
4 controlled by, or is under common control with the producer or
5 has a contractual relationship with the producer relating to
6 the placement of insurance.

7 (b) "Compensation received from an insurer or other
8 third party" means payments, commissions, fees, awards,
9 overrides, bonuses, contingent commissions, loans, stock
10 options, gifts, prizes or any other consideration, whether or
11 not payable pursuant to a written agreement. The term also
12 includes any agreement to reinsure business in a manner that
13 benefits the producer or affiliate or an agreement to act in a
14 manner that provides a financial benefit to the producer.

15 (c) "Compensation from the customer" does not include
16 any fee or similar expense as provided in ss. 626.7451(11),
17 627.7295(5)(a), 627.7295(5)(b) or 627.744(4).

18 (d) "Documented acknowledgement" means a customer's
19 written consent obtained prior to the purchase of insurance.
20 In a purchase by telephone or other electronic means for which
21 written consent cannot reasonably be obtained, consent
22 documented by the producer is acceptable.

23 (e) "Producer" means any person required to be
24 licensed under the insurance code to sell, solicit, or
25 negotiate insurance.

26
27 (Redesignate subsequent sections.)

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29
30 ===== T I T L E A M E N D M E N T =====

31 And the title is amended as follows:

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1 On page 4, line 6, after the semicolon,
2
3 insert:
4 creating s. 626.594, F.S.; requiring an
5 insurance broker to make certain disclosures
6 regarding compensation;

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