

1                   A bill to be entitled  
2           An act relating to warranties amending s. 634.303,  
3           F.S.; deleting a licensing requirement for providers  
4           offering home warranties to other states; amending s.  
5           634.3077, F.S.; revising financial requirements for  
6           home warranty associations; amending s. 634.312, F.S.;  
7           prohibiting a home warranty from excluding coverage  
8           solely for presence of rust or corrosion; providing  
9           requirements for coverage exclusions of certain HVAC  
10          components; amending s. 634.406, F.S.; revising  
11          financial requirements for service warranty  
12          associations; providing an effective date.

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

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16          Section 1. Subsection (4) of section 634.303, Florida  
17          Statutes, is amended to read:

18                634.303 License required.—

19                (4) Any person who provides, offers to provide, or holds  
20                oneself out as providing or offering to provide home warranties  
21                in this state ~~or from this state~~ without holding a subsisting  
22                license commits, in addition to any other violation, a  
23                misdemeanor of the first degree, punishable as provided in s.  
24                775.082 or s. 775.083.

25          Section 2. Subsection (1) of section 634.3077, Florida

26 Statutes, is amended to read:

27 634.3077 Financial requirements.—

28 (1) An association licensed under this part shall maintain  
 29 a funded, unearned premium reserve account, consisting of  
 30 unencumbered assets, equal to a minimum of 25 percent of the  
 31 gross written premiums received by it from all warranty  
 32 contracts in force in this state. Such assets shall be held in  
 33 the form of cash or invested in securities for investments as  
 34 provided in part II of chapter 625, and maintained in a separate  
 35 auditable account.

36 Section 3. Subsections (7) and (8) are added to section  
 37 634.312, Florida Statutes, to read:

38 634.312 Forms; required provisions and procedures.—

39 (7) A home warranty sold in this state may not exclude  
 40 coverage solely because of the presence of rust or corrosion  
 41 unless the rust or corrosion was a contributing cause of the  
 42 mechanical breakdown or failure of a covered appliance, unit, or  
 43 system.

44 (8) Any home warranty contract providing replacement  
 45 coverage for wear and tear of components of an HVAC system that  
 46 does not cover functional components of the system necessary to  
 47 maintain the compatibility or efficiency requirements of the  
 48 manufacturer must:

49 (a) Provide the consumer with the option, for an  
 50 additional fee, to purchase replacement coverage for functional

51 components of an HVAC system which are necessary to maintain the  
52 compatibility and efficiency requirements of the manufacturer.

53 (b) State in conspicuous boldface type that the contract  
54 does not provide replacement coverage for functional components  
55 of an HVAC system necessary to maintain the compatibility or  
56 efficiency requirements of the manufacturer unless additional  
57 coverage is purchased, and state the website or telephone number  
58 to contact to purchase such additional coverage.

59 Section 4. Subsection (1) of section 634.406, Florida  
60 Statutes, is amended to read:

61 634.406 Financial requirements.—

62 (1) An association licensed under this part shall maintain  
63 a funded, unearned premium reserve account, consisting of  
64 unencumbered assets, equal to a minimum of 25 percent of the  
65 gross written premiums received on all warranty contracts in  
66 force, ~~wherever~~ written in this state. Such assets shall be held  
67 as prescribed under ss. 625.301-625.340. For contracts in excess  
68 of 2 years which are offered by associations having net assets  
69 of less than \$500,000 and for which premiums are collected in  
70 advance for coverage in a subsequent year, 100 percent of the  
71 premiums for such subsequent years shall be placed in the  
72 funded, unearned premium reserve account.

73 Section 5. This act shall take effect July 1, 2019.