

House Bill No. 721

An act relating to warranty association regulation; amending ss. 634.031, 634.303, and 634.403, F.S.; exempting affiliates of insurers from provisions regulating certain warranty associations, under certain circumstances; requiring certain insurers to be the direct obligor on certain agreements or warranties or issue a contractual liability insurance policy meeting certain requirements; providing for nonapplication of the exemptions under certain circumstances; providing an effective date.

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

Section 1. Subsection (5) is added to section 634.031, Florida Statutes, to read:

634.031 License required.—

(5) Any person that is an affiliate of a domestic insurer as defined in chapter 624 is exempt from application of this part if the person does not issue, or market or cause to be marketed, motor vehicle service agreements to residents of this state and does not administer motor vehicle service agreements that were originally issued to residents of this state. The domestic insurer or its wholly owned Florida licensed insurer must be the direct obligor of all motor vehicle service agreements issued by such affiliate or must issue a contractual liability insurance policy to such affiliate that meets the conditions described in s. 634.041(8)(b). If the Office of Insurance Regulation determines, after notice and opportunity for a hearing, that a person's intentional business practices do not comply with any of the exemption requirements of this subsection, the person shall be subject to this part.

Section 2. Subsection (3) is added to section 634.303, Florida Statutes, to read:

634.303 License required.—

(3) Any person that is an affiliate of a domestic insurer as defined in chapter 624 is exempt from application of this part if the person does not issue, or market or cause to be marketed, home warranties to residents of this state and does not administer home warranties that were originally issued to residents of this state. The domestic insurer or its wholly owned Florida licensed insurer must be the direct obligor of all home warranties issued by such affiliate or must issue a contractual liability insurance policy to such affiliate that meets the conditions described in s. 634.3077(3). If the Office of Insurance Regulation determines, after notice and opportunity for a hearing, that a person's intentional business practices do not comply with any of the exemption requirements of this subsection, the person shall be subject to this part.

Section 3. Subsection (4) is added to section 634.403, Florida Statutes, to read:

634.403 License required.—

(4) Any person that is an affiliate of a domestic insurer as defined in chapter 624 is exempt from application of this part if the person does not issue, or market or cause to be marketed, service warranties to residents of this state and does not administer service warranties that were originally issued to residents of this state. The domestic insurer or its wholly owned Florida licensed insurer must be the direct obligor of all service warranties issued by such affiliate or must issue a contractual liability insurance policy to such affiliate that meets the conditions described in s. 634.406(3). If the Office of Insurance Regulation determines, after notice and opportunity for a hearing, that a person's intentional business practices do not comply with any of the exemption requirements of this subsection, the person shall be subject to this part.

Section 4. This act shall take effect upon becoming a law.

Approved by the Governor June 20, 2003.

Filed in Office Secretary of State June 20, 2003.