

Bill No. SB 2006

Barcode 310372

CHAMBER ACTION

Senate

House

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The Committee on Banking and Insurance (Atwater) recommended  
the following amendment:

**Senate Amendment (with title amendment)**

On page 3, between lines 26 and 27,

insert:

Section 2. Subsection (9) of section 634.041, Florida  
Statutes, is amended to read:

634.041 Qualifications for license.--To qualify for  
and hold a license to issue service agreements in this state,  
a service agreement company must be in compliance with this  
part, with applicable rules of the commission, with related  
sections of the Florida Insurance Code, and with its charter  
powers and must comply with the following:

(9)(a) In meeting the requirements of this part,  
except as provided in paragraph (b), a service agreement  
company may not utilize both the 50-percent reserve and  
contractual liability insurance simultaneously. However, a  
company may have contractual liability coverage on service  
agreements previously sold and sell new service agreements

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1 covered by the 50-percent reserve, and the converse of this is  
2 also allowed. A service agreement company must be able to  
3 distinguish how each individual service agreement is covered.

4 (b) A service agreement company that maintains net  
5 assets of at least \$7.5 million may use the 50-percent reserve  
6 or the contractual liability coverage for specific blocks of  
7 new service agreements. For purposes of this paragraph, the  
8 term "specific blocks of new service agreements" means the  
9 service agreements sold by a single designated licensed  
10 salesperson. A service agreement must distinguish how each  
11 individual service agreement is covered.

12 Section 3. Subsection (4) of section 634.136, Florida  
13 Statutes, is amended to read:

14 634.136 Office records required.--Each licensed motor  
15 vehicle service contract company, as a minimum requirement for  
16 permanent office records, shall maintain:

17 (4) A detailed service agreement register, in  
18 numerical order by service agreement number, of agreements in  
19 force, which register shall include the following information:  
20 service agreement number, date of issue, issuing dealer, name  
21 of agreement holder, whether the agreement is covered by  
22 contractual liability insurance or the unearned premium  
23 reserve account, description of motor vehicle, service  
24 agreement period and mileage, gross premium, commission to  
25 salespersons, commission to dealer, and net premium.

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27 (Redesignate subsequent sections.)

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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 1, lines 5-6, delete those lines

2

3 and insert:

4 services that may be covered by a motor vehicle

5 service agreement; amending s. 634.041, F.S.;

6 revising requirements governing qualifications

7 for a license to issue such agreements;

8 providing for use of a 50-percent reserve or

9 contractual liability coverage by certain

10 service agreement companies; amending s.

11 634.136, F.S.; requiring a motor vehicle

12 service contract company to maintain additional

13 information relating to motor vehicle service

14 agreements; providing an effective date.

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