



103856

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/19/2025	.	
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The Committee on Rules (Truenow) recommended the following:

**Senate Amendment (with title amendment)**

Delete lines 51 - 102  
and insert:

(e) The contractual liability insurance policy must either pay 100 percent of claims as they are incurred or pay 100 percent of claims due in the event of the association's failure to pay claims when due.

Section 2. Subsections (3) and (4), paragraphs (b) and (c) of subsection (6), and paragraph (a) of subsection (7) of section 634.406, Florida Statutes, are amended to read:



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12           634.406 Financial requirements.-

13           (3) An association will not be required to establish an  
14 unearned premium reserve if it has purchased contractual  
15 liability insurance which demonstrates to the satisfaction of  
16 the office that 100 percent of its claim exposure is covered by  
17 such policy or policies. The contractual liability insurance  
18 must shall be obtained from an insurer or insurers that hold  
19 ~~holds~~ a certificate of authority to do business within the  
20 state. For the purposes of this subsection, the contractual  
21 liability policy or policies must shall contain the following  
22 provisions:

23           (a) In the event that the service warranty association does  
24 not fulfill its obligation under contracts issued in this state  
25 for any reason, including insolvency, bankruptcy, or  
26 dissolution, the contractual liability insurer or insurers will  
27 pay losses and unearned premium refunds under such plans  
28 directly to the person making a claim under the contract.

29           (b) The insurer or insurers issuing the contractual  
30 liability policy or policies shall assume full responsibility  
31 for the administration of claims in the event of the inability  
32 of the association to do so.

33           (c) The policy or policies may not be canceled or not  
34 renewed by either the insurer or insurers or the association  
35 unless 60 days' written notice thereof has been given to the  
36 office by the insurer or insurers before the date of such  
37 cancellation or nonrenewal.

38           (d) The contractual liability insurance policy or policies  
39 must shall insure all service warranty contracts which were  
40 issued while the policy or policies were was in effect



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41 regardless of whether ~~or not~~ the premium has been remitted to  
42 the insurer ~~or insurers~~.

43 (e) In the event the issuer or issuers of the contractual  
44 liability policy or policies are ~~is~~ fulfilling the service  
45 warranty covered by policy or policies and in the event the  
46 service warranty holder cancels the service warranty, it is the  
47 responsibility of the contractual liability policy issuer or  
48 issuers to effectuate a full refund of unearned premium to the  
49 consumer. This refund is ~~shall be~~ subject to the cancellation  
50 fee provisions of s. 634.414. The salesperson or agent shall  
51 refund to the contractual liability policy issuer or issuers the  
52 unearned pro rata commission.

53 (f) An association may not use ~~utilize~~ both the unearned  
54 premium reserve and contractual liability insurance  
55 simultaneously. However, an association is ~~shall be~~ allowed to  
56 have contractual liability coverage on service warranties  
57 previously sold and sell new service warranties covered by the  
58 unearned premium reserve, and the converse of this is ~~shall~~ also  
59 ~~be~~ allowed. An association must be able to distinguish how each  
60 individual service warranty is covered.

61 (g) The contractual liability insurance policy must either  
62 pay 100 percent of claims as they are incurred or pay 100  
63 percent of claims due in the event of the association's failure  
64 to pay claims when due.

65  
66 ===== T I T L E A M E N D M E N T =====

67 And the title is amended as follows:

68 Delete lines 3 - 4

69 and insert:



70 634.3077, F.S.; revising the requirements of  
71 contractual liability policies; amending s. 634.406,  
72 F.S.; revising the requirements of contractual  
73 liability policies; revising the circumstances under  
74 which