1983

Session Law 83-288

Florida Senate & House of Representatives

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### COMMITTEE RECORDS

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### Senate/House Journals

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### Committee/Floor Tapes

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### Other Documentation

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**NOTES**
83-288/Sec. 2
(Re: FS 624.155)

CS/58 1065
5CMR 5/9 - CS - (BF 5.18/1283)

S Flr. Amos. 5/27/83 (5J 477)
H Flr. Amos. 6/2/83 (HJ 1010)

In Orig. 58 1065 same as in LAN

HB 672 HCMR - W/O w/out hearing

HB 1276 (HCMR) - 1P w/out hearing
THIS IS A COMMERCE COMMITTEE BILL THAT WOULD SIMPLY HELP SPEED UP THE PAYMENT OF INSURANCE CLAIMS. AS IT WAS PASSED OUT OF COMMITTEE, THE BILL:

1. REQUIRED THAT PAYMENTS OF INSURANCE CLAIMS BE MADE IN CASH OR A CASH-EQUIVALENT FORM (SUCH AS A CHECK OR DRAFT), AND IF IT IS A CHECK OR DRAFT IT MUST COMPLY WITH THE FEDERAL RESERVE STANDARDS THAT PRESCRIBE THE FORM OF CASH ITEMS. THIS WILL MAKE SURE THAT THE PAYMENTS CAN BE HANDLED PROMPTLY BY THE FEDERAL RESERVE FOR COLLECTION.

2. SECOND, THE BILL REQUIRED THAT WHEN AN INSURANCE COMPANY HAS AGREED TO SETTLE A CLAIM, IT MUST PAY THE CLAIM WITHIN 20 DAYS AFTER THE SETTLEMENT IS REACHED OR PAY INTEREST AT 12%.

SEVERAL AMENDMENTS WERE ADOPTED LAST THURSDAY. MOST OF THEM WERE INTENDED ONLY TO CLARIFY THE BILL. MR. DANSON PUT ON ONE AMENDMENT THAT CLEARS UP ANOTHER PART OF THE INSURANCE CODE REGARDING PAYMENT OF DEATH CLAIMS UNDER A LIFE INSURANCE POLICY.
A bill to be entitled
An act relating to the payment of insurance
claims; amending s. 627.4035, Florida Statutes,
requiring that all payments made in this state
in satisfaction of claims be made in cash;
providing an effective date.

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

Section 1. Section 627.4035, Florida Statutes, is
amended to read:

627.4035 Cash payment of premiums; claims.--
(1) The premiums for insurance contracts issued in
this state or covering risk located in this state shall be
paid in cash consisting of coins, currency, checks, or money
orders.

(2) Subsection (1) is not applicable to:
(a) Reinsurance agreements;
(b) Pension plans;
(c) Premium loans, whether or not subject to an
automatic provision;
(d) Dividends, whether to purchase additional paid-up
insurance or to shorten the dividend payment period;
(e) Salary deduction plans;
(f) Preauthorized check plans;
(g) Waivers of premiums on disability;
(h) Nonforfeiture provisions affording benefits under
supplementary contracts; or
(i) Such other methods of paying for life insurance as
may be permitted by the department pursuant to rule or
regulation.

CODING: Words in struck through type are deletions from existing law, words underlined are additions.
(3) All payments of claims made in this state under any contract of insurance shall be paid in cash consisting of coins, currency, checks, or money orders, and if by check shall be drawn upon a depository financial institution located in this state.

Section 2. This act shall take effect October 1, 1983.
Bill Analysis

Florida House of Representatives
H. Lee Moffitt, Speaker  Steve Pajerc, Speaker pro tempore
Committee on Commerce

Samuel P. Bell, III  Chairman
Dexter W. Lehtinen  Vice Chairman

STAFF SUMMARY AND ANALYSIS

PCB 83-1 by Commerce
relating to payment of insurance claims;
Other Committees of Reference:

DATE: 12/13/82
REvised: 2/4/83

I. SUMMARY AND PURPOSE

This proposed bill provides that all payments of insurance claims in this state must be made in cash consisting of coins, currency, checks or money orders, and if by check must be drawn on a Florida financial institution. The bill is intended to speed up the claim payment process that may now be drawn out when claims are paid by drafts payable at or through financial institutions scattered across the country.

II. CURRENT LAW AND EFFECT OF CHANGES

A. CURRENT LAW

There is no statute specifically covering the manner or procedure for the payment of insurance claims. These claims are customarily paid by a draft which is issued by a local agent and is then paid through a central bank. Before the funds represented by a draft are ultimately collected by the beneficiary, the draft may pass through several financial institutions. This payment process may take several days because of the need to transport the draft physically from point to point in the collection chain. During that time, the beneficiary's local financial institution may not authorize the withdrawal of those funds until they have actually been collected.

B. EFFECT OF PROPOSED CHANGES

The proposed bill would amend s. 627.4035, F.S., by adding a new subsection (3) relating to the payment of claims. Subsection (1) now provides that premiums for insurance contracts issued in this state must be paid in cash consisting of coins, currency, checks or money orders. The new subsection (3) would simply extend this cash payment requirement to the payment of claims as well as premiums, with the additional requirement that where payment is by check it shall be drawn on a financial institution located in the state.

The cash payment requirement (check instead of draft) and the Florida financial institution requirement are both intended to speed up the collection process by reducing the number of steps in the payment system.

Wayne T. Martin  Staff Director
322 The Capitol, Tallahassee, Florida  32301  (904) 488-7024
Under the Uniform Commercial Code a bank must generally complete its handling of an item before its midnight deadline (s. 674.202(2)), which is defined to be midnight of the next banking day after the day of receipt (s. 674.104(h)). Moreover, items received after 2:00 P.M. may be treated for this purpose as having been received on the following banking day (s. 674.107(2)). So, an item deposited at 3:00 P.M. on Thursday may not be credited to the owner's account until Friday, and the bank has until midnight Monday to forward the item for collection. It may then take another day, or sometimes two, for the item to reach the next step in the collection chain by mail or courier. Considering that each item is handled by at least two or three institutions, it is easy to see why the process seems to take so long.

If an item is drawn on or is payable at or through an out of state financial institution, chances are both delivery time and the number of intermediary institutions will be greater than if the item were payable in Florida. Additionally, in the case of a non-bank draft such as that issued by an insurance company, the company has its own midnight deadline within which to accept the draft for payment. If a claim were paid instead with a bank check, this last step in the process would be eliminated.

III. ECONOMIC IMPACT CONSIDERATIONS

A. PRIVATE SECTOR CONSIDERATIONS

Since the bill would essentially require the payment of claims by checks drawn on Florida financial institutions, it would require insurers to establish Florida accounts with adequate balances to pay claims checks or make some other arrangement with a Florida institution. This could work to the benefit of financial institutions designated to hold such accounts since they would have the use of those funds at little or no cost for a limited period of time. Conversely, the insurance companies would lose the ability to invest those funds in productive assets to a like extent.

If the bill has its intended effect, the recipients of claims payments would benefit through the earlier availability of those funds. The extent of this benefit would of course vary with the length of time by which the collection process is shortened.

B. PUBLIC SECTOR CONSIDERATIONS

No significant economic impact in the public sector is expected.

IV. COMMENTS

In discussions of this proposal with representatives of banks, clearinghouses and insurance companies, it was made apparent that there is some variation in practice among banks with respect to making available to their customers funds represented by insurance drafts that are deposited for collection. These variations depend on the financial standing of the customer, the business reputation of the issuing insurer, and the amount of the draft. Thus, a bank may make funds immediately available or it may place a "hold" on those funds depending on all of these factors.

We also learned that it is the practice of at least some insurers who are prominent in this state to pay their drafts through local institutions thus satisfying voluntarily at least one of the requirements of the bill. State Farm explained that all of its claim drafts issued in peninsular Florida are paid through a bank in either Tampa or Orlando and upon receipt by the bank are delivered daily to the company's regional office in Winter Haven where they are paid within 24 hours unless payment is stopped for some reason (such as the lack of an endorsement by one of joint payees). Prudential indicated that it follows a similar policy.

The State Farm representative contended that there was no delay in payment inherent in a draft as opposed to a check and that a requirement that claims be paid by check might actually slow down the payment process contrary to the intent of the bill. The reason for this is that claims
adjusters throughout the state have authority to issue drafts on the company, but the propriety of these payments can still be reviewed at the regional office before payment is actually made. If claims had to be paid by check, it is likely that all payments would then be issued by the regional office and only after this review had taken place.

V. AMENDMENTS

Prepared by: Rod Jones

Staff Director: Wyatt F. Martin
I. SUMMARY AND PURPOSE

This bill provides that all payments of insurance claims in this state must be made in cash, consisting of coins, currency, checks, drafts or money orders, and if by check or draft must be in a form that complies with Federal Reserve standards for cash items so as to facilitate rapid handling and payment. The bill would also establish a requirement that a settlement of an insurance claim be paid within 20 days after the settlement is reached; otherwise, it would accrue interest at a rate of 12% a year. The bill is intended to speed up the claims payment process which is now often drawn out because of banking practices with regard to the handling of drafts and because insurers have little incentive to pay an agreed settlement promptly.

II. CURRENT LAW AND EFFECT OF CHANGES

A. CURRENT LAW

There is no statute that specifically covers the payment of insurance claims. Section 627.4035 requires that insurance premiums be paid in cash, but it does not mention payment of claims. Section 627.427 requires an insurer to pay any judgment rendered against it within 60 days or be subject to revocation of its certificate of authority, but this provision does not apply to the payment of a settlement agreed to by the claimant. The bill addresses both of these situations in an attempt to bring about speedier payment to claimants who may be in serious need of funds.

B. EFFECT OF PROPOSED CHANGES

The bill would add a provision to s. 627.4035 to require that payments of claims as well as payments of premiums be made...
in cash or specified cash-equivalent forms. It also requires that in the case of payment by check or draft, the instrument must comply with standards adopted by the Federal Reserve System to facilitate rapid handling of those items for collection. These standards include the requirement that the transit number of the institution at which the item is payable appear on the face of the item in fractional form and also machine-recognizable magnetic ink characters. This requirement should at least insure that insurance claims paid by check or draft can be handled promptly through the collection system, although it may not alter the practice of some banks of imposing lengthy delays on the availability of funds to their customers. The bill would also establish a requirement that the settlement of an insurance claim be paid by the insurer within 20 days after the settlement is reached or it will accrue interest at a rate of 12% per year. The bill provides that the tender of payment by the insurer may be conditioned upon the execution by the claimant of a satisfactory release and that if such a release is required the interest would not begin to accrue until the release is given to the insurer.

III. ECONOMIC IMPACT CONSIDERATIONS

A. PRIVATE SECTOR CONSIDERATIONS

The impact upon the private sector should be slight. Most insurers are now issuing drafts that comply with the Federal Reserve standards, so they should not be affected by this requirement. The requirement of prompt payment of settlements should likewise have little effect on insurers since the payment reflects something they have agreed to do. If the purpose of the bill is achieved, claimants should enjoy the benefit of earlier payment of the funds to which they are entitled under their insurance policies.

B. PUBLIC SECTOR CONSIDERATIONS

The bill should have no impact on the public sector.

IV. COMMENTS

One of the major complaints relating to the payment of insurance claims is that when an insurance draft is deposited in a bank account, the bank may impose a "hold" of several days or even weeks before making funds represented by the draft available to its customer. This delay seems to have less to do with the physical form of the draft than with the legal rights and obligations that attach to it.

A check is an order by the owner of the funds to his bank to pay according to the terms of the check. An insurance company's draft, on the other hand, is ordinarily an instruction by someone other than the owner of those funds (such as an agent or claims adjuster) and is subject to the acceptance of the owner. Thus, the insurance company on which a draft is drawn may refuse payment, and, consequently, many banks are reluctant to make funds represented by a draft promptly available to their customers.

Of course, the same problem may arise with a check which is subject to a stop payment order or which may be returned unpaid because of insufficient funds. In response to this problem, several states are now considering legislation which would require banks to make funds available to their customers within a few days of the date of deposit. This bill does not address that problem.
Some concern has been expressed that the provisions of the bill relating to the payment of settlements would interfere with the payment of "structured settlements" in which payments are made in installments over an extended period of time. This is not the intent of the bill, and staff believes that these concerns are not well founded because the bill requires only that payments be made promptly "according to the terms of the agreement."

V. **AMENDMENTS**

Prepared by: [Signature]

Rod Jones

Staff Director: [Signature]

Wyatt T. Martin
Representative of The Committee on

PCB 83-1
HR
SB

offered the following amendment:

On page 2, line 3, insert after the period (.),

Section 2. Section 627.4265, Florida Statutes, is created to read:

627.4265 Payment of settlement.--In any case where a person and an insurer have agreed to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 15 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release satisfactory to the insurer, but if the payment is not tendered within 15 days it shall bear interest at a rate of 18 percent per year from the date of the agreement.

RENUMBER SUBSEQUENT SECTION.

adopted

failed of adoption

AMENDMENT -- FOR DRAFTING ONLY

(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative:  The Committee on ____________________

PCB 83-1
HR ____________
SF ____________

offered the following amendment

On page 2, line 5, insert: after the period (.),

Section 2. Section 627.4265, Florida Statutes, is created to read:

627.4265 Payment of settlement.--In any case where a person and an insurer have agreed to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 15 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release satisfactory to the insurer, but if the payment is not tendered within 15 days it shall bear interest at a rate of 18 percent per year from the date of the agreement, provided, however, that if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to the insurer.

(adopted) -- failed of adoption

1:41 PM Meeting opens.

PCB 83-21 taken up.

1:45 PM Bill Bell, Fla. Hospital Ass'n. speaks on PCB 83-21.

Susan Reynolds, Univ. of Miami, Jackson Memorial Hospital, speaks on PCB 83-21.

1:52 PM George S. Palmer, Fla. Medical Ass'n. introduces Dr. Bernard L. Morgan, Jacksonville, FMA (he is a Plastic Surgeon). Dr. Morgan spoke in opposition to PCB 83-21.

1:56 PM Dr. Richard Glatzer, Dade Co. Medical Ass'n., spoke to PCB 83-21.

2:07 PM Dr. Pat McCann, Dade Co. Medical Ass'n., speaks to PCB 83-21.

Daniel Miller, representing Florida AFL-CIO spoke to PCB 83-21.


Jack Herzog, DOI, speaks on PCB 83-21.


2:28 PM TAPE 1 - SIDE B

Commissioner Bill Gunter speaks in support of PCB 83-21.

Rep. Simon offers an amendment (#1) -- it fails.

Vote taken on PCB 83-21 -- Bill passes.


Vote taken on PCB/HB 145 -- Bill passes unanimously.

2:44 PM PCB 83-1 taken up.
Amendment #1 offered by Rep. Meffert -- adopted.


Amendment #1 to Amendment #2 offered -- adopted.

Amendment #2 to Amendment #2 offered by Rep. Gallagher -- adopted.

Title amendment offered -- adopted without objection.

Vote taken on PCB 83-1 -- Bill passes unanimously.

2:55 PM PCB 83-26 taken up -- presentation by Mr. Meffert.

Amendment #1 offered by Mr. Unchurch -- adopted without objection.

Vote taken on PCB 83-26 -- Bill passes unanimously.

PCB 83-27 taken up.

Vote taken on PCB 83-27 -- Bill passes unanimously.
A bill to be entitled

An act relating to the payment of insurance claims; amending s. 627.4035, Florida Statutes, 1982 Supplement, requiring that all payments made in this state in satisfaction of insurance claims be made in cash; creating s. 627.4265, Florida Statutes, providing procedures for the payment of settlements; providing an effective date.

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

Section 1. Section 627.4035, Florida Statutes, 1982 Supplement, is amended to read:

627.4035 Cash payment of premiums; claims.--

(1) The premiums for insurance contracts issued in this state or covering risk located in this state shall be paid in cash consisting of coins, currency, checks, or money orders.

(2) Subsection (1) of this section is not applicable to:

(a) Reinsurance agreements;
(b) Pension plans;
(c) Premium loans, whether or not subject to an automatic provision;
(d) Dividends, whether to purchase additional paid-up insurance or to shorten the dividend payment period;
(e) Salary deduction plans;
(f) Preauthorized check plans;
(g) Waivers of premiums on disability;
(h) Nonforfeiture provisions affording benefits under supplementary contracts; or

CODING: Words in brackets through type are deletions from existing law, words underlined are additions.
(1) Such other methods of paying for life insurance as may be permitted by the department pursuant to rule or regulation.

(3) All payments of claims made in this state under any contract of insurance shall be paid in cash consisting of coins, currency, checks, drafts or money orders, and if by check or draft shall be in such form as will comply with the standards for cash items adopted by the Federal Reserve System to facilitate the sorting, routing and mechanized processing of such items.

Section 2. Section 627.4265, Florida Statutes, is created to read:

627.4265 Payment of settlement.--In any case where a person and an insurer have agreed in writing to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 20 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release satisfactory to the insurer, but if the payment is not tendered within 20 days, it shall bear interest at a rate of 12 percent per year from the date of the agreement; provided, however, that if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to the insurer.

Section 3. This act shall take effect October 1, 1983.

HOUSE SUMMARY

Requires all payments of claims under an insurance contract to be made in cash. Provides for the payment by an insurer of any settlement of a claim within 20 days of the settlement or interest shall be due on the payment, unless the recipient has failed to execute any release required by the insurer.
A bill to be entitled
An act relating to the payment of insurance
claims; amending s. 627.4035, Florida Statutes, 1982 Supplement, requiring that all payments
made in this state in satisfaction of insurance
claims be made in cash; creating s. 627.4265,
Florida Statutes, providing procedures for the
payment of settlements; providing an effective
date.

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

Section 1. Section 627.4035, Florida Statutes, 1982
Supplement, is amended to read:

627.4035 Cash payment of premiums and claims.--

(1) The premiums for insurance contracts issued in
this state or covering risk located in this state shall be
paid in cash consisting of coins, currency, checks, or money
orders.

(2) Subsection (1) does not apply to:
(a) Reinsurance agreements;
(b) Pension plans;
(c) Premium loans, whether or not subject to an
automatic provision;
(d) Dividends, whether to purchase additional paid-up
insurance or to shorten the dividend payment period;
(e) Salary deduction plans;
(f) Preauthorized check plans;
(g) Waivers of premiums on disability;
(h) Nonforfeiture provisions affording benefits under
supplementary contracts; or
(1) Such other methods of paying for life insurance as may be permitted by the department pursuant to rule or regulation.

(3) All payments of claims made in this state under any contract of insurance shall be paid in cash consisting of coins, currency, checks, drafts or money orders, and if by check or draft shall be in such form as will comply with the standards for cash items adopted by the Federal Reserve System to facilitate the sorting, routing and mechanized processing of such items.

Section 2. Section 627.4265, Florida Statutes, is created to read:

627.4265 Payment of settlement.--In any case where a person and an insurer have agreed in writing to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 20 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release satisfactory to the insurer, but if the payment is not tendered within 20 days, it shall bear interest at a rate of 12 percent per year from the date of the agreement; provided, however, that if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to the insurer.

Section 3. This act shall take effect October 1, 1983.

HOUSE SUMMARY

Requires all payments of claims under an insurance contract to be made in cash. Provides for the payment by an insurer of any settlement of a claim within 20 days of the settlement or interest shall be due on the payment, unless the recipient has failed to execute any release required by the insurer.

CODING Words in struck through type are deletions from existing law, words underlined are additions
By Representatives Gordon, Coons and others

A bill to be entitled
An act relating to insurance; creating ss.
627.6411, 627.6577, Florida Statutes; requiring
any health insurance policy that covers
maternity care to cover the services of
certified nurse-midwives and licensed midwives;
providing an effective date.

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

Section 1. Section 627.6411, Florida Statutes, is
created to read:

627.6411 Maternity care.--Any policy of health
insurance that provides coverage for maternity care shall also
cover the services of certified nurse-midwives and licensed
midwives who have graduated from nursing school or passed an
accredited course in midwifery.

Section 2. Section 627.6577, Florida Statutes, is
created to read:

627.6577 Maternity care.--Any group, blanket, or
franchise policy of health insurance that provides coverage
for maternity care shall also cover the services of certified
nurse-midwives and licensed midwives who have graduated from
nursing school or passed an accredited course in midwifery.

Section 3. This act shall take effect October 1, 1983.

****************************************************

SENATE SUMMARY

Provides that any health insurance policy that covers
maternity care shall also cover the services of certified
nurse-midwives and licensed midwives.
I. SUMMARY AND PURPOSE

The bill mandates coverage under individual and group health insurance policies for nurse-midwife and licensed midwifery services if the policy covers maternity care.

II. CURRENT LAW AND EFFECT OF CHANGES

A. CURRENT LAW

Part VI, chapter 627, Florida Statutes, regulates individual disability insurance policies. It includes provisions for types of coverage, minimum standards of coverage and optional coverages. Part VII of chapter 627, Florida Statutes, contains comparable provisions relative to group, blanket and franchise disability insurance.

Chapter 485, Florida Statutes, governs regulation of the practice of midwifery. Lay-midwives, i.e. those who work outside of hospitals, must be licensed by the Department of Health and Rehabilitative Services and conform to all department rules. To qualify for a license, the individual must have either graduated from an accepted midwifery school, worked with physicians on at least 15 labor cases or presented other satisfactory evidence.

Certified nurse midwives work in hospitals, are certified by the American College of Midwifery and regulated by the Department of Professional Regulation. (s. 464.012(2)(b))

Midwifery services currently are not mandated to be covered by insurance policies. Of the approximately 700 companies writing health insurance, some do offer this coverage.
B. EFFECT OF PROPOSED CHANGES

The bill mandates coverage under individual, group, blanket or franchise health insurance policies for midwifery services if such policy covers maternity care. Only the services of certified midwives, i.e. those certified by the American College of Midwives and regulated by the Department of Professional Regulation and licensed midwives who have graduated nursing school or passed an accredited course in midwifery would have to be covered in the policy.

III. ECONOMIC IMPACT CONSIDERATIONS

A. PRIVATE SECTOR CONSIDERATIONS

There are opposing views as to the cost impact of this bill. On one hand, mandating benefits could lead to increased cost of service if it happens that the price increases simply because insurance is paying for the service. Or, it could be that since midwifery services and free-standing birthing centers are less expensive, costs would decrease.

There should be administrative costs to the insurance companies who would have to amend their forms.

B. PUBLIC SECTOR CONSIDERATIONS

No significant impact.

IV. COMMENTS

The sponsor will offer an amendment to strike language on page 1, lines 16-17 and 23-24 which requires nursing school or midwifery course passage to be a condition for coverage. Rather, the prerequisite for coverage for lay midwives will be licensure under chapter 485, Florida Statutes. Without the amendment a considerable segment of lay-midwives would be excluded from the bill notwithstanding their having been adequately trained and licensed.

Employers with ERISA (Employee Retirement Income Security Act) insurance plans are exempt from the provisions of this bill due to state law, § 627.651(5), 1982 Supplement. Many self-insured employers fall into this category.

V. AMENDMENTS

Prepared by: [Signature]

Ivy Cream

Staff Director: [Signature]

Wyatt T. Martin
Representatives on the Committee on Health Care & Life & Health Insurance

offered the following amendment

On page 1, line 15-17 and strike licensed midwives who have graduated from nursing school or passed an accredited course in midwifery.

and insert: midwives licensed pursuant to chapter 485.

adopted        failed of adoption

I. SUMMARY AND PURPOSE

The bill mandates coverage under individual and group health insurance policies for nurse-midwife and licensed midwifery services if the policy covers maternity care.

II. CURRENT LAW AND EFFECT OF CHANGES

A. CURRENT LAW

Part VI, chapter 627, Florida Statutes, regulates individual disability insurance policies. It includes provisions for types of coverage, minimum standards of coverage and optional coverages. Part VII of chapter 627, Florida Statutes, contains comparable provisions relative to group, blanket and franchise disability insurance.

Chapter 467, Florida Statutes, governs regulation of the practice of midwifery. Lay-midwives, i.e. those who work outside of hospitals, must be licensed by the Department of Health and Rehabilitative Services and conform to all department rules. To qualify for a license, the individual must have either graduated from an accepted midwifery school, worked with physicians on at least 15 labor cases or presented other satisfactory evidence.

Certified nurse midwives work in hospitals, are certified by the American College of Midwifery and regulated by the Department of Professional Regulation. (s. 464.012(2)(b))

Midwifery services currently are not mandated to be covered by insurance policies. Of the approximately 700 companies writing health insurance, some do offer this coverage.
(e.g., Blue Cross/Blue Shield under their state employees group policy).

B. EFFECT OF PROPOSED CHANGES

The bill mandates coverage under individual, group, blanket or franchise health insurance policies for midwifery services if such policy covers maternity care. Only the services of certified midwives, i.e. those certified by the American College of Midwives and regulated by the Department of Professional Regulation and licensed midwives who have graduated nursing school or passed an accredited course in midwifery would have to be covered in the policy.

III. ECONOMIC IMPACT CONSIDERATIONS

A. PRIVATE SECTOR CONSIDERATIONS

There are opposing views as to the cost impact of this bill. On one hand, mandating benefits could lead to increased cost of service if it happens that the price increases simply because insurance is paying for the service. Or, it could be that since midwifery services and free-standing birthing centers are less expensive, costs would decrease.

There should be administrative costs to the insurance companies who would have to amend their forms.

B. PUBLIC SECTOR CONSIDERATIONS

No significant impact.

IV. COMMENTS

Employers with ERISA (Employee Retirement Income Security Act) insurance plans are exempt from the provisions of this bill due to state law, s. 627.651(5), 1982 Supplement. Many self-insured employers fall into this category.

V. AMENDMENTS

The House Committee on Commerce, at its meeting of May 10, 1983, adopted an amendment to strike language on page 1, lines 16-17 and 23-24 which requires nursing school or midwifery course passage to be a condition for coverage. Rather, the prerequisite for coverage for lay midwives will be licensure under chapter 467, Florida Statutes. Without the amendment a considerable segment of lay-midwives would be excluded from the bill notwithstanding their having been adequately trained and licensed.

Prepared by: Ivy Cream

Staff Director: Wyatt T. Martin
Committee Amendment No. 1

The Committee on Commerce offered the following amendment:

Amendment

On page 1, lines 15-17, and lines 23-24:

2. strike;
3. licensed midwives who have graduated from nursing school or passed an accredited course in midwifery;
4. and insert:
5. midwives licensed pursuant to chapter 467.
A bill to be entitled
An act relating to insurance, amending s.
20.13(2), Florida Statutes, creating the
Division of Rehabilitation and Liquidation of
the Department of Insurance, amending s.
624 155(2), Florida Statutes, 1982 Supplement;
providing for notice in advance of civil
action, adding s. 624 404(8), Florida Statutes,
1982 Supplement; prohibiting authorization of
certain insurers; amending s. 624 424(1),
Florida Statutes, 1982 Supplement, providing
for annual statement, amending s. 624 425(3),
(5), Florida Statutes, 1982 Supplement,
providing for power of attorney, providing
exception, amending s. 624 428(3), Florida
Statutes, 1982 Supplement, providing exception
to the licensed agent law; amending s. 624.501,
Florida Statutes, 1982 Supplement, providing
fees; amending s. 626 731(1)(b), Florida
Statutes, 1982 Supplement, providing
qualifications for licensure as a general lines
agent, amending s. 527 331(4), Florida
Statutes, 1982 Supplement, requiring filing of
underwriting rules and rates, amending s
627.4145(1), (6), Florida Statutes, 1982
Supplement, providing for readable language in
policies; amending s. 627 461, Florida
Statutes, 1982 Supplement; deleting reference
to interest, creating s. 627 4615, Florida
Statutes, specifying interest payable on death
claims, amending s. 627 5515(1), (2), Florida
Statutes, 1982 Supplement; providing exceptions for out-of-state group life insurance; amending s 627.6515(1), (2), Florida Statutes, providing exceptions for out-of-state group health insurance, amending s. 627.7264(1), Florida Statutes, 1982 Supplement, requiring disclosure of certain information; amending s 627.848(1), Florida Statutes, 1982 Supplement; providing for mailing of notice of cancellation, repealing ss 626.989(7), 627.551(6), 627.651(5), Florida Statutes, as amended, relating to exemption from civil liability in fraud investigations and designation of resident agent, providing an effective date.

Be It Enacted by the Legislature of the State of Florida

Section 1 Subsection (2) of section 2013, Florida Statutes, is amended to read.

2013 Department of Insurance --There is created a Department of Insurance

(2) The following divisions of the Department of Insurance are established

(a) Division of Insurance Company Regulation
(b) Division of Insurance Consumer Services
(c) Division of Risk Management.
(d) Division of State Fire Marshal
(e) Division of Liquefied Petroleum Gas
(f) Division of Insurance Rating

(g) Division of Rehabilitation and Liquidation.

CODING Words in small through type are deletions from existing law, words underlined are additions.
Section 2  Subsection (2) of section 624 155, Florida Statutes, 1982 Supplement, is amended to read

624 155 Civil remedy --

(2) As a condition precedent to bringing an action under this section, the department and the insurer shall be given notice of the violation. The notice shall state with specificity the facts which allegedly constitute the violation and the law which the plaintiff is relying upon, and shall state that such notice is given in order to perfect the right to pursue the civil remedy authorized by this section. No action shall lie if, within 60 days thereafter, the damages are paid or the circumstances giving rise to the violation are corrected.

Section 3  Subsection (8) is added to section 624 404, Florida Statutes, 1982 Supplement, to read

624 404 General eligibility of insurers for certificate of authority --To qualify for and hold authority to transact insurance in this state, an insurer must be otherwise in compliance with this code and with its charter powers and must be an incorporated stock insurer, an incorporated mutual insurer, or a reciprocal insurer, of the same general type as may be formed as a domestic insurer under this code, except that

(8) No insurer, the voting control or ownership of which is held in whole or substantial part by any government or governmental agency, or which is operated for or by any such government or agency, shall be authorized to transact insurance in this state. Membership in a mutual insurer, or subscribership in a reciprocal insurer, or ownership of stock of an insurer by the alien property custodian or similar official of the United States, or supervision of an insurer by
public insurance supervisory authority shall not be deemed to
be an ownership, control, or operation of the insurer for the
purposes of this subsection.

Section 4  Subsection (1) of section 624.424, Florida
Statutes, 1982 Supplement, is amended to read.

624.424 Annual statement and other information.--
(1) Each authorized insurer shall file with the
department a full and true statement of its financial
condition, transactions, and affairs. The statement shall be
filed annually on or before March 1, or within such extension
of time therefor as the department, for good cause, may have
granted, and shall be for the preceding calendar year. The
statement shall contain information generally included in
insurer financial statements prepared in accordance with
generally accepted insurance accounting principles and
practices and in a form generally utilized by insurers for
financial statements, sworn to by at least two executive
officers of the insurer or, if a reciprocal insurer, by the
oath of the attorney-in-fact or its like officer if a
corporation. To facilitate uniformity in financial statements
and to facilitate department analysis, the department may by
rule adopt the form for financial statements approved by the
National Association of Insurance Commissioners or its
successor organization and may by rule require each insurer to
submit to the department, if available, all or part of the
information contained in the financial statement in a computer
readable form compatible with the department's electronic data
processing system.

Section 5  Subsections (3) and (5) of section 624.425,
Florida Statutes, 1982 Supplement, are amended to read
624 425 Resident agent and countersignature required,
property, casualty, surety insurance --

(3) An agent shall not sign or countersign in blank
any policy to be issued outside his office, or countersign in
blank any countersignature endorsement therefor, or
certificate issued thereunder  An agent may give a written
power of attorney to the issuing insurance company to
countersign such documents by imprinting his name, or the name
of the agency or other entity with which he may be sharing
commission pursuant to s. 626.753(1)(a) and (2), thereon in
lieu of manually countersigning such documents, but an agent
shall not give a power of attorney to any other person to
countersign any such document in his name unless the person so
authorized is directly employed by the agent and by no other
person, and is so employed in the office of the agent

(5) This section shall not be deemed to prohibit an
insurer from authorizing an agent, who is not regularly
commissioned and licensed currently as an agent of the
insurer, from countersigning a policy or contract of insurance
issued pursuant to the provisions of ss. 627.311 and 627.351,
and shall not apply to reissuance of insurance policies or
endorsements thereto which are part of a mass reissuance of
such policies or endorsements and do not involve a change of
premium or payment of agent's commissions

Section 6. Subsection (3) of section 624.428, Florida
Statutes, 1982 Supplement, is amended to read
624 428 Licensed agent law, life and health
insurances --

(3) This section does not apply to policies of
insurance or annuity contracts on nonresidents which are
applied for outside, and delivered in, the state, and shall
not apply to reissuance of insurance policies or endorsements thereto which are part of a mass reissuance of such policies or endorsements and do not involve a change of premium or payment of agent's commissions.

Section 7. Section 624.501, Florida Statutes, 1982 Supplement, is amended to read 624.501 Filing, license, and miscellaneous fees -- The Department of Insurance shall collect in advance, and persons so served shall pay to it in advance, fees, licenses, and miscellaneous charges as follows.

(1) Certificate of authority of insurer
(a) Filing application for original certificate of authority, including all documents required to be filed therewith, filing fee $25 00
(b) Reinstatement fee $50 00
(2) Charter documents of insurer
(a) Filing articles of incorporation or other charter documents, other than at time of application for original certificate of authority, filing fee $10 00
(b) Filing amendment to articles of incorporation or charter, other than at time of application for original certificate of authority, filing fee $5 00
(c) Filing bylaws, when required, or amendments thereof, filing fee $5 00
(3) Annual license tax of insurer, each domestic insurer, foreign insurer, and alien insurer (except that, as to fraternal benefit societies insuring less than 200 members in this state and the members of which as a prerequisite to membership possess a physical handicap or disability, such license tax shall be $25) $200 00

CODING Words in struck through type are deletions from existing law, words underlined are additions.
(4) Annual statement of insurer, filing (except when filed as part of application for original certificate of authority), filing fee: $60.00

(5) Insurance representatives, property, marine, casualty, and surety insurance

(a) Agent's original license and biennial renewal or continuation thereof, each insurer:

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<td>Appointment fee</td>
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<td>State license tax</td>
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<td>County license tax</td>
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<td><strong>Total</strong></td>
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(b) Solicitor's original license and biennial renewal or continuation thereof:

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<td><strong>Total</strong></td>
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(c) Nonresident agent's original license and biennial renewal or continuation thereof, license fee: $50.00

(d) Service representatives; supervising or managing general agents

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<tr>
<td>Original permit, appointment fee</td>
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<td>Biennial renewal or continuation of permit, appointment fee</td>
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(6) Life insurance agents

(a) Agent's license and biennial renewal or continuation thereof, each insurer

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<td>(b) Nonresident agent's original license and biennial renewal or continuation thereof, license fee, each insurer:</td>
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<td>(7) Health insurance agents.</td>
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<td>4</td>
<td>(a) Agent's license and biennial renewal or continuation thereof, each insurer:</td>
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<td>5</td>
<td>Appointment fee</td>
<td>$22.00</td>
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<td>(b) Nonresident agent's original license and biennial renewal or continuation thereof, license fee, each insurer:</td>
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<td>11</td>
<td>(8) All limited licenses as agent, as provided for in s 626.321, or for license as limited surety agent, bondsman, or runner as defined in s 648.25, each agent and each insurer represented Issuance of original license and biennial renewal or continuation thereof, each insurer:</td>
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<td>13</td>
<td>Appointment fee</td>
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<td>16</td>
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<td>17</td>
<td>(9) Fraternal benefit society agents Issuance of original license and biennial renewal or continuation thereof, each insurer:</td>
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<td>19</td>
<td>Appointment fee</td>
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<td>State license tax</td>
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<td>21</td>
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<td>22</td>
<td>Total</td>
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**CODING:** Words in struck through type are deletions from existing law, words **underlined** are additions.
(10) Vending machines, as authorized under s. 626.531:
Original license, each machine, permit fee .......... $100.00
Biennial renewal or continuation of license, each
machine, permit fee ........................................ $100.00

(11) Surplus lines agent Issuance of original
license and biennial renewal or continuation thereof, license
fee ................................................................. $150.00

(12) Adjusters' licenses and permits
(a) Adjuster's original license and biennial renewal
or continuation thereof, license fee ................................ $40.00
(b) Nonresident adjuster's original license and
biennial renewal or continuation thereof, license fee. $40.00
(c) Emergency adjuster's permit, appointment fee ...........
.............................................................................. $10.00
(d) Claims investigator's permit, appointment fee ...........
.............................................................................. $20.00
(e) Fee to cover actual cost of credit report, when
such report must be secured by department

(13) Filing for license or permit whether or not
examination is required. application for filing, each filing,
filing fee ................................................................. $10.00

(14) Temporary license as agent or adjuster, where
expressly provided for, rate of fee for each month of the
period for which the license is originally issued, and for
which the license is renewed or extended .................... $5.00

(15) Reissuance, reinstatement, modification resulting
in a modified license being issued, or duplicate copy of any
insurance representative license or permit ............. $5.00

(16) Changing of address only of licensee holding any
insurance representative's license or permit ................ $2.00

CODING: Words in double type are deletions from existing law, words underlined are additions.
Additional license continuation fees as prescribed in chapter 626...

Filing application for permit to form insurer as referred to in chapter 628, filing fee...

Annual license fee of rating organization, each domestic or foreign organization...

Miscellaneous services:

(a) For copies of documents or records on file with the department, per page...

(b) For each certificate of the department under its seal, authenticating any document or other instrument (other than a license, permit, or certificate of authority)...

(c) For preparing lists of agents, solicitors, adjusters, and other insurance representatives, and for other miscellaneous services, such reasonable charge as may be fixed by the department.

Insurance agency, 3-year license...

Any person licensed under chapter 626 or chapter 632 on an annual basis shall, in lieu of the fees specified in this section, pay the fees that were payable under this section as it existed on September 30, 1982, and such fees shall be deposited as required by s. 624.523 as it existed on that date. This subsection shall expire on February 29, 1984.

Section 8. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, 1982 Supplement, is amended to read:

626.731 Qualifications for general lines agent's license --

(1) The department shall not grant or issue a license as general lines agent to any individual found by it to be...
untrustworthy or incompetent or who does not meet each and all of the following qualifications, and unless from the application for license it affirmatively appears

(b) That the applicant has been a bona fide resident of this state for at least 1 year last past, except that the department, in its discretion, may waive the requirement for 1 years' residency in this state if the applicant is an employee of an insurer or an agency and is under the supervision of a currently licensed general lines agent. The 1-year residency requirement of this subsection does not apply to an applicant for a limited license under s 626.321(1)(b) or (g) who is a bona fide resident of this state.

Section 9 Subsection (4) of section 627.331, Florida Statutes, 1982 Supplement, is amended to read.

627.331 Recording and reporting of loss, expense, and claims experience, rating information --

(4)(a) The department shall require insurers and rating organizations to furnish it with copies of their rates, rating schedules, and rating manuals, and underwriting rules which are in effect, and copies of any changes thereto, as soon as practicable following their effective dates, but in no event later than 30 days thereafter. Underwriting rules not contained in rating manuals shall be filed for private passenger automobile and homeowners' insurance.

(b) For individual risks that are not rated in accordance with the insurer's rates, rating schedules, rating manuals, and underwriting rules filed with the department and which have been submitted to the insurer for individual rating, the insurer is required to file rates with the department for such individual risks as soon as practicable.
following the effective date of the policy but in no event
later than 90 days thereafter.

(c) The submission of rates, rating schedules, and
rating manuals to the department by a licensed rating
organization of which an insurer is a member or subscriber
will be sufficient compliance with this subsection for any
insurer maintaining membership or subscribership in such
organization, to the extent that the insurer uses the rates,
rating schedules, and rating manuals of such organization
All such information shall be available for public inspection,
upon receipt by the department, during usual business hours.

Section 10 Subsections (1) and (6) of section
627.4145, Florida Statutes, 1982 Supplement, are amended to
read

627.4145 Readable language in insurance policies.--

(1) Every policy shall be readable as required by this
section. For purposes of this section, "policy" means a
policy form or endorsement. A policy is deemed readable if

(a) The text achieves a minimum score of 45 on the
Flesch reading ease test as computed in subsection (5) or an
equivalent score on any other test comparable in result and
approved by the department;

(b) It is printed, except for specification pages, s
chedules, and tables, in not less than 8-point type, 1 point
headed;

(b)(c) It uses layout and spacing which separate the
paragraphs from each other and from the border of the paper,

(c)(d) It has section titles that are captioned in
boldfaced type or that otherwise stand out significantly from
the text,
It avoids the use of unnecessarily long, complicated, or obscure words, sentences, paragraphs, or constructions,

The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text of the policy or to any endorsements or riders, and

It contains a table of contents or an index of the principal sections of the policy, if the policy has more than 3,000 words or if the policy has more than three pages.

This section does not apply to

- Any policy which is a security subject to federal jurisdiction;
- Any group policy covering a group of 1,000 or more lives at date of issue, other than a group credit life insurance policy or a group credit health insurance policy, however, this paragraph shall not exempt any certificate issued pursuant to a group policy delivered or issued for delivery in this state,
- Any group annuity contract which serves as a funding vehicle for pension, profit-sharing, or deferred compensation plans,
- Any form used in connection with, as a conversion from, as an addition to, or in exchange pursuant to a contractual provision for a policy delivered or issued for delivery on a form approved or permitted to be issued prior to the dates such forms must be approved under this section, or
- Any policy or form, or partial revision thereof, or renewal thereof, which policy or form is filed prior to October 1, 1983,
- Endorsements filed on or after October 1, 1983, which modify policy forms prior to October 1, 1983.

Words in struck through type are deletions from existing law, words underlined are additions.
Section 11  Section 627 461, Florida Statutes, 1982
Supplement, is amended to read

627 461 Settlement on proof of death -- Every contract
shall provide that, when a policy becomes a claim by the death
of the insured, settlement plus interest at a rate of 10
percent per year from written notice of death shall be made
upon receipt of due proof of death and surrender of the
policy

Section 12  Section 627 4615, Florida Statutes, is
created to read:

627 4615 Interest payable on death claims. -- When a
policy provides for payment of its proceeds in a lump sum upon
the death of the insured, such payment shall include interest
at the rate of 10 percent per year from the date the insurer
receives written notice of death of the insured

Section 13  Subsections (1) and (2) of section
627 5515, Florida Statutes, 1982 Supplement, are amended to
read

627 5515 Out-of-state groups --
(1) Any group life insurance policy issued or
delivered outside this state under which a resident of this
state is provided coverage shall comply with the provisions of
this part in the same manner as group life policies issued in
this state, except that this part shall not apply to policies
issued to employee groups the composition of which is
substantially as described in s. 627.552
(2) This part does not apply to a group life insurance
policy issued or delivered outside this state under which a
resident of this state is provided coverage if
(a) The policy is issued to an employee group the
composition of which is substantially as described in s-

CODING  Words in struck through type are deletions from existing law, words underlined are additions.
(a) A labor union group the composition of which is substantially as described in s 627 554, a trustee group the composition of which is substantially as described in s 627 555, a credit union group the composition of which is substantially as described in s 627 556, an additional group complying with s 627 555, an association group the composition of which is substantially as described in s 627 572; an association group to cover persons associated in any other common group, which common group is formed primarily for purposes other than providing insurance, a group which is established primarily for the purpose of providing group insurance, provided the benefits are reasonable in relation to the premiums charged thereunder and issuance of the group policy has resulted, or will result, in economies of administration, or a group of insurance agents of an insurer, which insurer is the policyholder,

(b) Certificates evidencing coverage under the policy are issued to residents of this state and contain in contrasting color and not less than 10-point type the following statement "The benefits of the policy providing your coverage are governed primarily by the law of a state other than Florida ", and

(c) The policy provides the benefits specified in s 627 566

Section 14 Subsections (1) and (2) of section 627 6515, Florida Statutes, 1982 Supplement, are amended to read

627 6515 Out-of-state group --

(1) Any group health insurance policy issued or delivered outside this state under which a resident of this state is provided coverage shall comply with the provisions of
this part in the same manner as group health policies issued
in this state, except that this part shall not apply to
policies issued to employee groups the composition of which is
substantially as described in s. 627.653

(2) This part does not apply to a group health
insurance policy issued or delivered outside this state under
which a resident of this state is provided coverage if:

(a) The policy is issued to an employee group the
composition of which is substantially as described in s.
627.653; a labor union group or association group the
composition of which is substantially as described in s.
627.654, an additional group the composition of which is
substantially as described in s. 627.656, a group insured
under a blanket health policy when the composition of the
group is substantially in compliance with s. 627.659, a group
insured under a franchise health policy when the composition
of the group is substantially in compliance with s. 627.663;
an association group to cover persons associated in any other
common group, which common group is formed primarily for
purposes other than providing insurance, a group which is
established primarily for the purpose of providing group
insurance, provided the benefits are reasonable in relation to
the premiums charged thereunder and the issuance of the group
policy has resulted, or will result, in economies of
administration, or a group of insurance agents of an insurer,
which insurer is the policyholder,

(b) Certificates evidencing coverage under the policy
are issued to residents of this state and contain in
contrasting color and not less than 10-point type the
following statement: "The benefits of the policy providing
your coverage are governed primarily by the law of a state other than Florida", and

(c) The policy provides the benefits specified in ss 627.6575, 627.667, and 627.6675

Section 15 Subsection (1) of section 627.7264, Florida Statutes, 1982 Supplement, is amended to read.

627.7264 Disclosure of certain information required.--

(1) Each insurer which does or may provide liability insurance coverage to pay all or a portion of any claim which might be made shall provide, within 30 days of the written request of the claimant, a statement, under oath, of a corporate officer or the insurer's claims manager or superintendent, setting forth the following information with regard to each known policy of insurance, including excess or umbrella insurance

(a) The name of the insurer
(b) The name of each insured
(c) The limits of the liability coverage
(d) A statement of any policy or coverage defense which such insurer reasonably believes is available to such insurer at the time of filing such statement
(e) A copy of the policy

In addition, the insured, or his insurance agent, upon written request of the claimant or the claimant's attorney, shall disclose the name and coverage of each known insurer to the claimant and shall forward such a request for information as required by this subsection to all affected insurers. The insurer shall then supply the information required in this subsection to the claimant within 30 days of receipt of such request.
Section 16  Subsection (1) of section 627.848, Florida Statutes, 1982 Supplement, is amended to read

627.848  Cancellation of insurance contract upon default.—When a premium finance agreement contains a power of attorney or other authority enabling the premium finance company to cancel any insurance contract listed in the agreement, the insurance contract shall not be canceled unless cancellation is in accordance with the following provisions

(1) Not less than 10 days' written notice shall be mailed to served upon each insured shown on the premium finance agreement of the intent of the premium finance company to cancel his insurance contract unless the defaulted installment payment is received within 10 days

Section 17  Subsection (7) of section 625 989, subsection (6) of section 627.551, and subsection (5) of section 627.651, Florida Statutes, as amended by chapters 82-243 and 82-386, Laws of Florida, are hereby repealed

Section 18  This act shall take effect upon becoming a law
Journal

of the

House of Representatives

Eighty-fifth
Regular Session
since Statehood in 1845
April 5 through June 13, 1983

Including a record of transmittal of Acts subsequent to sine die adjournment
within the Department of Insurance, providing for review and repeal under the Regulatory Sunset Act, providing an effective date

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 573—A bill to be entitled An act relating to nursing, adding a new subsection (4) to s. 464.018, Florida Statutes, restricting the Board of Nursing from reinstating the license of any nurse found guilty on three separate occasions of violations involving the diversion of drugs from patients to personal use or sale, reenacting s. 464.014 (3), Florida Statutes, to incorporate the amendment to s. 464.018, Florida Statutes, in a reference thereto, providing an effective date.

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 483—A bill to be entitled An act relating to community redevelopment, amending s. 163.410, Florida Statutes, providing an exemption from certain provisions applicable to community redevelopment agencies in home rule charter counties for existing municipal community redevelopment agencies in counties which adopt home rule charters; providing an effective date.

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 1072—A bill to be entitled An act relating to remote financial service units, amending s. 658.65 (1) (a) and (9), Florida Statutes, redefining "bank" for the purpose of this section, providing that out-of-state banks may use in this state remote financial service units under certain limited conditions; providing an effective date.

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 1104—A bill to be entitled An act relating to motor vehicle insurance, amending s. 627.727 (1) and (2), Florida Statutes, 1982 Supplement, requiring insurers to provide only excess uninsured motorist coverage; amending s. 627.7286, Florida Statutes, 1982 Supplement, relating to renewal of policies and setting of rates; providing an effective date.

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 1116—A bill to be entitled An act relating to the payment of insurance claims, amending s. 627.4035, Florida Statutes, 1982 Supplement, requiring that all payments made in this state in satisfaction of insurance claims be made in cash; creating s. 627.4265, Florida Statutes, providing procedures for the payment of settlements, providing an effective date.

was read the second time by title

Representative Meffert offered the following amendment

Amendment 1—On page 2 line 20 after the comma insert, for such other date as the agreement may provide,

Rep. Meffert moved the adoption of the amendment, which was adopted Without objection, further consideration of HB 1116 was temporarily deferred

Subsequently, the House returned to consideration of HB 1116 and, Representatives Danson, Meffert, and Gustafson offered the following amendment

Amendment 2—On page 1 line 11, after the colon, insert Section 1 Section 627.461, Florida Statutes, 1982 Supplement, is amended to read

627.461 Settlement on proof of death—Every contract shall provide that, when a policy becomes a claim by the death of the insured, settlement plus interest at a rate of 12 percent per year from written notice of death shall be made upon receipt of due proof of death and surrender of the policy.

Section 2 Section 627.4615, Florida Statutes, is created to read

627.4615 Interest payable on death claims—When a policy provides for payment of its proceeds in a lump sum upon the death of the insured, such payment shall include interest at the rate of 12 percent per year from the date the insurer receives written notice of death of the insured. If the policy provides for an alternative payment method payments shall include interest at the rate of 12 percent per year from the date such payments are due. (and renumber subsequent sections)

Rep. Danson moved the adoption of the amendment, which was adopted

Representative Danson offered the following title amendment

Amendment 3—On page 1 line 3, after the semicolon, insert, amending s. 627.461, Florida Statutes, 1982 Supplement, modifying settlement provisions required in life insurance contracts; creating s. 627.4615, Florida Statutes; providing for payment of interest on claims under life insurance policies.

Rep. Danson moved the adoption of the amendment, which was adopted without objection.

Representatives Woodruff, Gustafson, and Meffert offered the following amendment:

Amendment 4—On page 2 line 19, strike "satisfactory to the insurer" and insert, mutually acceptable to the insurer and the claimant.

Rep. Woodruff moved the adoption of the amendment, which was adopted. Under Rule 8.19, the bill was referred to the Engrossing Clerk

HB 1124—A bill to be entitled An act relating to the State Comprehensive Health Association Act, amending s. 627.6482 (3), (4), and (7), Florida Statutes, 1982 Supplement, amending s. 627.6494 (3), Florida Statutes, 1982 Supplement, removing the restriction that persons be adults to be eligible for coverage, substituting "insurer" for "carrier", amending s. 627.6488 (2) (a) and (c), (3), and (4), Florida Statutes, 1982 Supplement; providing technical changes, deleting the requirement that the association provide for reinsurance, providing for organizational assessments; amending ss. 627.649 (3) (d), 627.6492 (1), and 627.6494 (3), Florida Statutes, 1982 Supplement, providing technical changes, amending ss. 627.6498 (2) (b), (3) (a), (5) (a) and (c), and (7), Florida Statutes, 1982 Supplement, providing for rating of differences in policies issued to persons eligible for Medicare, providing an exemption from deductibles; authorizing the association to establish certain rates, clarifying provisions relating to the priority of payments from other sources, amending s. 817.234 (11) (a), Florida Statutes, providing penalty for fraudulent claims; providing an effective date.

was read the second time by title and, under Rule 8.19, referred to the Engrossing Clerk

HB 632—A bill to be entitled An act relating to local government, amending ss. 125.68 (1) and 166.041 (5), Florida Statutes,
May 31, 1983

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Amendment 1—On page 3, line 7, strike "2" and insert 4

Rep. Woodruff moved the adoption of the amendment. Without objection, the amendment was withdrawn.

On motion by Rep. Woodruff, the rules were waived and CS/HB 157 was read the third time by title. On passage, the vote was:

Yea—117

The Chair
Drage
Lehman
Roe

Abraham
Dunbar
Lehtinen
Sample

Allen
Easley
Lewis
Sanderson

Armstrong
Evans-Jones
Liberti
Selph

Arnold
Figg
Lippman
Shackelford

Bates
Friedman
Locke
Shelley

Bankhead
Gallagher
Logan
Silver

Bass
Gardner
Mackenzie
Simon

Bell
Gordon
Martin
Simone

Brantley
Grant
Martinez
Smith

Bronson
Grindle
McEwan
Spaeth

Brown, C
Gustafson
Meffert
Stewart

Brown, T C
Hanson
Messer-Dent
Thomas

Burke
Hargrett
Metcalf
Thompson

Burnsed
Harris
Mills
Tilton

Burrall
Hawkins, L R.
Mitchell
Toobasm

Carlton
Hawkins, M. E.
Morgan
Tobin

Carpenter
Hazouri
Murphy
Upchurch

Cass
Healey
Nerger
Wallace

Clark
Hill
Ogden
Ward

Clements
Hodges
Pajic
Watt

Combee
Hollingsworth
Patchett
Webber

Cotina
Johnson, B L
Peeples
Weinstock

Cosgrove
Johnson, R C
Press
Wetherell

Crady
Johnson, R M
Riley
Williams

Croccy
Jones, C P
Reaves
Woodruff

Dantler
Jones, D L
Redick
Young

Davis
Kelly
Reynolds

Deratany
Kutun
Richmond

Deutch
Lawson
Robinson

Nays—2

Danson
Dudley

So the bill passed and was immediately certified to the Senate.

HB 1025—A bill to be entitled An act relating to insurance, creating s 627.6411, 627.6577, Florida Statutes, requiring any health insurance policy that covers maternity care to cover the services of certified nurse-midwives and licensed midwives, providing an effective date—was read the second time by title.

The Committee on Commerce offered the following amendment:

Amendment 1—On page 1, lines 15-17, and lines 23-24, strike "licensed midwives who have graduated from nursing school or passed an accredited course in midwifery" and insert "midwives licensed pursuant to chapter 647"

Rep. Gordon moved the adoption of the amendment, which was adopted without objection.

Representatives Danson and Hazouri offered the following amendment:

Amendment 2—On page 1, line 9, after the colon, insert "Section 1 Section 627.461, Florida Statutes, 1982 Supplement, is amended to read 627.461 Settlement on proof of death —Every contract shall provide that, when a policy becomes a claim by the death of the insured, settlement plus interest at a rate of 10 percent per year from written notice of death, shall be made upon receipt of due proof of death and surrender of the policy."

Section 2 Section 627.4615, Florida Statutes, is created to read 627.4615 Interest payable on death claims.—When a policy provides for payment of its proceeds in a lump sum upon the death of the insured, such payment shall include interest at the rate of 10 percent per year from the date the insurer receives written due proof of death of the insured. This section shall apply to all policies or contracts delivered or issued for delivery in this state on or after October 1, 1983 (and renumber the subsequent sections).

Rep. Danson moved the adoption of the amendment, which was adopted without objection.

Representatives Danson and Hazouri offered the following amendment:

Amendment 3—On page 1, line 2, after the semicolon, insert "amending s 627.461, Florida Statutes, 1982 Supplement, eliminating interest payments with respect to death claims under certain insurance contracts, creating s 627.4615, Florida Statutes, providing for payment of interest on claims under life insurance policies;"

Rep. Danson moved the adoption of the amendment, which was adopted without objection.

Representative Meffert offered the following amendment:

Amendment 4—On page 1, line 24, after the period, insert "Section 3 Section 627.4035, Florida Statutes, 1982 Supplement, is amended to read 627.4035 Cash payment of premiums, claims—"

(1) The premiums for insurance contracts issued in this state or covering risk located in this state shall be paid in cash consisting of coins, currency, checks, or money orders.

(2) Subsection (1) of this section is not applicable to

(a) Reinsurance agreements;

(b) Pension plans;

(c) Premiums loans, whether or not subject to an automatic provision;

(d) Dividends, whether to purchase additional paid-up insurance or to shorten the dividend payment period;

(e) Salary deduction plans;

(f) Preauthorized check plans;

(g) Waivers of premiums on disability;

(h) Nonforfeiture provisions affording benefits under supplementary contracts, or

(i) Such other methods of paying for life insurance as may be permitted by the department pursuant to rule or regulation.

(3) All payments of claims made in this state under any contract of insurance shall be paid in cash consisting of coins, currency, checks, drafts or money orders, and if by check or draft shall be in such form as will comply with the standards for cash items adopted by the Federal Reserve System to facilitate the sorting, routing and mechanized processing of such items.

Section 4 Section 627.4265, Florida Statutes, is created to read 627.4265 Payment of settlement.—In any case where a person and an insurer have agreed in writing to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 20 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release mutually agreeable to the insurer and the claimant, but if the payment is not tendered within 20 days, or such other date as the agreement may provide, it shall bear interest at a rate of 12 percent per year from the date of the agreement, provided, however, that if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to the insurer.
Rep. Meffert moved the adoption of the amendment, which was adopted without objection.

Representative Meffert offered the following title amendment:

Amendment 5—On page 1, line 2, after the semicolon, insert amending ss. 627.4035, Florida Statutes, 1982 Supplement, requiring that all payments made in this state in satisfaction of insurance claims be made in cash, creating ss. 627.4265, Florida Statutes, providing procedures for the payment of settlements.

Rep. Meffert moved the adoption of the amendment, which was adopted without objection.

Representative Danson offered the following amendment:

Amendment 6—On page 1, line 24, after the period, insert Section 3. Subsection (8) as added to section 624.404, Florida Statutes, 1982 Supplement, to read:

624.404 General eligibility of insurers for certificate of authority. — To qualify for and hold authority to transact insurance in this state, an insurer must be otherwise in compliance with this code and with its charter powers and must be an incorporated stock insurer, an incorporated mutual insurer, or a reciprocal insurer, of the same general type as may be formed as a domestic insurer under this code; except that:

(8) No insurer, the voting control or ownership of which is held in whole or substantial part by any government or governmental agency, or which is operated for or by any such government or agency, shall be authorized to transact insurance in this state. Membership in a mutual insurer, or subscription in a reciprocal insurer, or ownership of stock of an insurer by the alien property custodian or similar official of the United States, or supervision of an insurer by public insurance supervisory authority shall not be deemed to be an ownership, control, or operation of the insurer for the purposes of this subsection.

Rep. Danson moved the adoption of the amendment, which was adopted without objection.

Representative Danson offered the following title amendment:

Amendment 7—On page 1, line 6, after the semicolon, insert prohibiting insurers who are controlled or owned by any government or governmental agency to transact insurance business in this state;

Rep. Danson moved the adoption of the amendment, which was adopted without objection.

On motion by Rep. Gordon, the rules were waived and HB 1026, as amended, was read the third time by title. On passage, the vote was:

Years—112

The Chair—Derastany
Abrams—Jones, C. F.
Alon—Jones, D. L.
Allen—Drage
Armstrong—Kelly
Arnold—Kutun
Bailey—Lawson
Bankhead—Sanderson
Bass—Lehman
Bankhead—Selph
Bass—Shackelford
Bell—Shelley
Brantley—Simon
Branson—Spaet
Brown, C—Smith
Brown, T. C—Stewart
Burke—Thomas
Burnsed—Tobin
Burrall—Tobinson
Carlton—Thompson
Cason—Tobin
Clark—Upchurch
Clements—Wallace
Combee—Wallace
Corina—War
Cortma—Watt
Cosgrove—Webster
Crady—Weinstein
Crotty—Wetherell
Davis—Woodruff
Nays—None

Votes after roll call

Years—Carpenter, Silver

So the bill passed and was immediately certified to the Senate after engrossment.

HB 479—A bill to be entitled An act relating to criminal justice; amending ss. 23.152, Florida Statutes, specifying the membership of the Florida Council on Criminal Justice, revising and redoping ss. 23.15, 23.151, 23.152, 23.154, 23.155, 23.156, Florida Statutes, as amended, notwithstanding the provisions of Chapter 82-150, Laws of Florida; providing for future review and repeal of said sections, providing a retroactive effective date

—was read the second time by title. On motion by Rep. Clements, the rules were waived and the bill was read the third time by title. On passage, the vote was:

Years—112

The Chair—Derastany
Abrams—Deutsch
Allen—Drage
Armstrong—Kelly
Arnold—Kutun
Bailey—Lawson
Bankhead—Sanderson
Bass—Lehman
Bankhead—Selph
Bass—Shackelford
Bell—Shelley
Brantley—Simon
Branson—Spaet
Brown, C—Smith
Brown, T. C—Stewart
Burke—Thomas
Burnsed—Tobin
Burrall—Tobinson
Carlton—Thompson
Cason—Tobin
Clark—Upchurch
Clements—Wallace
Combee—Wallace
Corina—War
Cortma—Watt
Cosgrove—Webster
Crady—Weinstein
Crotty—Wetherell
Davis—Woodruff
Nays—None

Votes after roll call

Years—Carpenter, Silver

So the bill passed and was immediately certified to the Senate.
CS for SB 1065—A bill to be entitled An act relating to insurance;
amending s. 20.13 (2), Florida Statutes, creating the Division of
Rehabilitation and Liquidation of the Department of Insurance;
amending s. 624.155 (2), Florida Statutes, 1982 Supplement, providing
for notice in advance of civil action, adding s. 624.404 (8), Florida
Statutes, 1982 Supplement, prohibiting authorization of certain
insurers, amending s. 624.424 (1), Florida Statutes, 1982 Supplement;
providing for annual statement, amending s. 624.425 (3), (5), Florida
Statutes, 1982 Supplement, providing for power of attorney; providing
exception, amending s. 624.428 (3), Florida Statutes, 1982 Supplement,
providing exception to the licensed agent law; amending s. 624.501,
Florida Statutes, 1982 Supplement; providing fees, amending s.
626.731 (1) (b), Florida Statutes, 1982 Supplement; providing
qualifications for licensure as a general lines agent, amending s.
627.321 (4), Florida Statutes, 1982 Supplement, requiring filing of
underwriting rules and rates, amending s. 627.4145 (1), (6), Florida
Statutes, 1982 Supplement, providing for readable language in policies;
amending s. 627.461, Florida Statutes, 1982 Supplement, deleting
reference to interest, creating s. 627.4615, Florida Statutes, specifying
interest payable on death claims, amending s. 627.7284 (1), Florida
Statutes, 1982 Supplement; requiring disclosure of certain information,
amending s. 627.548 (1), Florida Statutes, 1982 Supplement, providing
for mailing of notice of cancellation; amending s. 627.743, Florida
Statutes, as created by chapter 82-243, Laws of Florida, relating to
payment of third-party claims, amending s. 627.914 (5), Florida
Statutes, 1982 Supplement, providing for reports by workers’
compensation insurers, amending s. 634.121 (2), Florida Statutes, 1982
Supplement; providing for the filing of forms, amending s. 634.1216,
Florida Statutes, 1982 Supplement, providing for rating filings,
providing an unearned premium reserve account, amending s.
625.012 (11), Florida Statutes, 1982 Supplement; providing for the
inclusion of computer operating software equipment, amending s.
624.604, Florida Statutes, 1982 Supplement, providing a new
definition for “property insurance”, providing an effective date
— was read the second time by title.

Representative Gustafson offered the following title amendment:
Amendment 1—On page 1, line 7, after the word “for” insert
written

Rep. Gustafson moved the adoption of the amendment, which was
adopted

Representative Gustafson offered the following amendment
Amendment 2—On page 3, line 12, after the word “given”
insert: written

Rep. Gustafson moved the adoption of the amendment, which was
adopted

Representatives Hargrett and Gustafson offered the following
amendment
Amendment 3—On page 4, between lines 9 and 10, insert: Section
4. Subsection (4) of section 624.408, Florida Statutes, 1982 Supplement,
is amended to read

624.408 Special surplus requirements —

(4) Beginning with calendar year 1983, any insurer which does
not meet the requirements of s. 624.407 and have surplus of $250,000
as required by this section shall increase its surplus as to policyholders
in the case of at least $10,000 per year until its surplus as to
policyholders equals at least $750,000 as of December 31, 1986, and
the insurer shall thereafter maintain such surplus at $750,000

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Such an insurer shall maintain at least the minimum capital required by law at the time it was authorized to do business and the amount of surplus in excess of its capital as shown on its financial statement as of December 31, 1982.

Rep. Gustafson moved the adoption of the amendment, which was adopted.

Representatives Hargrett and Gustafson offered the following title amendment:

Amendment 4—On page 1, line 10, after the semicolon insert amending s 624.408 (4), Florida Statutes, 1982 Supplement, changing the special surplus requirements for insurers.

Rep. Gustafson moved the adoption of the amendment, which was adopted without objection.

Representatives Gustafson and Meffert offered the following title amendment:

Amendment 5—On page 12, between lines 14 and 15, insert Section 10. Section 627 4035, Florida Statutes, 1982 Supplement, is amended to read:

627 4035 Cash payment of premiums, claims—

(1) The premiums for insurance contracts issued in this state or covering risk located in this state shall be paid in cash consisting of coins, currency, checks, or money orders.

(2) Subsection (1) This section is not applicable to:

(a) Reinsurance agreements;

(b) Pension plans;

(c) Premium loans, whether or not subject to an automatic provision;

(d) Dividends, whether to purchase additional paid-up insurance or to shorten the dividend payment period;

(e) Salary deduction plans;

(f) Preauthorized check plans;

(g) Waivers of premiums on disability;

(b) Nonforfeiture provisions affording benefits under supplementary contracts; or

(i) Such other methods of paying for life insurance as may be permitted by the department pursuant to rule or regulation.

(3) All payments of claims made in this state under any contract of insurance shall be paid in cash consisting of coins, currency, checks, drafts or money orders, and if by check or draft shall be in such form as will comply with the standards for cash items adopted by the Federal Reserve System to facilitate the sorting, routing, and mechanized processing of such items.

Section 11. Section 627 4265, Florida Statutes, is created to read:

627 4265 Payment of settlement.—In any case where a person and an insurer have agreed in writing to the settlement of a claim, the insurer shall tender payment according to the terms of the agreement no later than 20 days after such settlement is reached. The tender of payment may be conditioned upon execution by such person of a release mutually agreeable to the insurer and the claimant, but if the payment is not tendered within 20 days, or such other date as the agreement may provide, it shall bear interest at a rate of 12 percent per year from the date of the agreement, provided, however, that if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to the insurer.

Rep. Meffert moved the adoption of the amendment, which was adopted.

Representatives Gustafson and Meffert offered the following title amendment:

Amendment 6—On page 1, line 24, after the semicolon insert amending s 627.4035, Florida Statutes, 1982 Supplement, requiring cash payment of premiums and claims, creating s 627.4265, Florida Statutes, relating to payment of settlements.

Rep. Meffert moved the adoption of the amendment, which was adopted without objection.

Representative Gustafson offered the following amendment:

Amendment 7—On page 14, line 19, strike "10" and insert 11.

Rep. Gustafson moved the adoption of the amendment, which was adopted.

Representatives Bell and Gustafson offered the following title amendment:

Amendment 8—On page 14, between lines 22 and 23, insert Section 13. Subsection (6) of section 627.551, Florida Statutes, 1982 Supplement, is amended to read:

627 551 Group contracts and plans of self-insurance must meet group requirements—

(6) This section does not apply to any plan which is established or maintained by an individual employer in accordance with the Employee Retirement Income Security Act of 1974, Pub L. No 93-406. This subsection shall not be construed to permit an authorized insurer to issue a group life insurance policy or certificate which does not comply with this part.

Section 14. Subsection (5) of section 627 651, Florida Statutes, 1982 Supplement, is amended to read:

627 651 Group contracts and plans of self-insurance must meet group requirements—

(5) This section does not apply to any plan which is established or maintained by an individual employer in accordance with the Employee Retirement Income Security Act of 1974, Pub L. No 93-406, or to a multiple employer welfare arrangement as defined in s. 624.437 (1), except that such multiple employer welfare arrangement shall comply with the requirements of s. 627 657, 627 6575, 627 6576, 627 6616, and 627 662 (5). This subsection shall not be construed to permit an authorized insurer to issue a group health insurance policy or certificate which does not comply with this part.

(renumber subsequent sections)

Rep. Gustafson moved the adoption of the amendment, which was adopted.

Representatives Bell and Gustafson offered the following title amendment:

Amendment 9—On page 1, line 31, after the semicolon insert amending ss. 627.551 (6) and 627.651 (5), Florida Statutes, 1982 Supplement, providing applicability of group life and health insurance requirements.

Rep. Gustafson moved the adoption of the amendment, which was adopted without objection.

Representative Gustafson offered the following amendment:

Amendment 10—On page 14, between lines 22 and 23 insert Section 13. Section 627 6055, Florida Statutes, 1982 Supplement, is amended to read:

627 6055 Handicapped children, continuation of coverage under individual policy.—An individual hospital or medical expense insurance policy or health care services plan contract, delivered or issued for delivery in this state, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the policy or contract shall...
Journal
of the
SENATE
State of Florida

SPECIAL SESSION "A"
FIRST SPECIAL SESSION 1982-1984
MARCH 1 THROUGH MARCH 3, 1983

At a Special Session of the Legislature, convened by
proclamation of His Excellency, Bob Graham, Governor
of Florida.
When water is supplied to the existing improvements through gas or electric service, the developer shall fund a water reserve account. The amount of the funding shall be not less than the unit amount for each square foot of floor area in the existing improvements, multiplied by a fraction, the numerator of which shall be the lesser of the age of the plumbing in years or 18 and the denominator of which shall be 20.

Each developer converting existing improvements to ownership as a residential condominium shall fund a roof reserve account. The amount of the funding shall be not less than the unit amount for each square foot of roof, multiplied by a fraction, the numerator of which shall be the lesser of the age of the roof in years or 18 and the denominator of which shall be 20. The unit amount shall be determined based on the roof type, as follows:

<table>
<thead>
<tr>
<th>Roof Type</th>
<th>Unit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Built-up roof without insulation</td>
<td>$1.00</td>
</tr>
<tr>
<td>Built-up roof with insulation</td>
<td>$1.85</td>
</tr>
<tr>
<td>Cement tile roof</td>
<td>$2.00</td>
</tr>
<tr>
<td>Asphalt shingle roof</td>
<td>$1.00</td>
</tr>
<tr>
<td>Copper roof</td>
<td>$0.00</td>
</tr>
<tr>
<td>All other types</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

The developer shall establish the reserve account in the name of the association at a bank, savings and loan association, or trust company located in this state.

A developer makes no implied warranties when existing improvements are converted to ownership as a residential condominium and reserve accounts are funded in accordance with this section. As an alternative to establishing such reserve accounts, or when a developer fails to establish the reserve accounts in accordance with this section, the developer shall be deemed to have granted to the purchaser of each unit an implied warranty of fitness and merchantability for the purposes or uses intended, as to the roof and structural components of the improvements, as to fire proofing and fire protection systems, and as to mechanical, electrical, and plumbing elements serving the improvements, except mechanical elements serving only one unit. The warranty shall be for a period beginning with the notice of intended conversion and continuing for 3 years thereafter, or the recording of the declaration to condominium and continuing for 3 years thereafter, or 1 year after owners other than the developer obtain control of the association, whichever occurs last, but in no event more than 5 years.

Section 20
Section 718.304, Florida Statutes, is hereby repealed.

Section 21
This act shall take effect October 1, 1983.

Amendment 4—In title, on page 1, strike everything before the enacting clause and insert: A bill to be entitled An act relating to conditions of occupancy, amending ss. 718.103(8), 718.106(2), 718.110(5), 718.115(1), 718.302(1), 718.304(1), 718.304(6), and adding subsection (2) to said section 718.304(4)(b), (14), 718.616(3), 718.618(1)(a), (4), (7), Florida Statutes, amending ss. 718.104(4)(k), (l), 718.111(2), (5), (7), (9), (12), 718.1121(1), (2), Florida Statutes, 1982 Supplement, adding ss. 718.103(22), 718.110(10), 718.115(4), 718.301(5), 718.303(3), 718.504(25), Florida Statutes, adding ss. 718.104(4)(l), 718.111(14), (15), Florida Statutes, 1982 Supplement, creating ss. 718.1115, Florida Statutes; providing for creation and powers of master associations, limiting the responsibility of a condominium association for damage to the interior of an individual unit, repealing ss. 718.304, Florida Statutes, relating to the association's right to amend the declaration of condition, providing definitions, amending the provisions required to be in the declaration of condition, adding membership in the condominium association to the appurtenances to a unit, amending the procedures for amending the declaration of condition, amending the powers and duties of the condominium association, including the requirements for the official records, amending requirements relating to the bylaws of the condominium association, providing for assessments on individual units to pay certain expenses or fines, providing for a grantor's responsibility for a grantor's unpaid assessments for common expenses; revising provisions relating to a condominium association's lien for assessments, including provisions on maximum interest rates, on the date from which the lien accrues, on notice requirements, and for a certificate showing the amount of unpaid assessments, providing that, if anyone is excused from paying assessments, certain funds collected by the developer shall not be used to pay common expenses until unit owners control association finances, requiring a prospectus or offering circular to contain certain information, amending warranty provisions, revising the list of items that a developer is to provide to the condominium association before any unit is sold or is leased for more than 5 years, providing for transfer of control from the developer to the association and for a review of financial records upon such transfer, substituting percentages of “voting interests” for “units” in certain voting requirements for the association to enter into certain agreements, providing for the association to levy a fine against a unit for failure of the unit owner, his lessee or invitee to comply with certain regulations; revising certain requirements for private condominiums, amending disclosure requirements for condition of building and estimated replacement costs; requiring the developer to fund certain reserve accounts, requiring additional warranties, amending ss. 718.612(1)(c), Florida Statutes, excluding bulk sales from right of first refusal, providing for the effective date.

On motion by Senator Margolis, by two-thirds vote SB 463 as amended was read the third time by title, passed, ordered engrossed and then certified to the House. The vote on passage was YEAS—36

Mr. President Gersten Jennings Meek
Barron Girardeau Johnston Myers
Beard Gordon Kirkpatrick Rehm
Carlucci Grant Langley Scott
Chiles, W D Hair Malchon Stewart
Childers, W D Hair Mann Thomas
Crawford Henderson Margolis Thurman
Fox Hill Maxwell Vogt
Frank Jenne McPherson Weinstein
Nays—None

On motion by Senator Barron, the rules were waived and the Senate reverted to—

MESSAGES FROM THE HOUSE OF REPRESENTATIVES

The Honorable Curtis Peterson, President

I am directed to inform the Senate that the House of Representatives refused to recede from House Amendment 1 to SB 1195 and acceded to the request of the Senate for a Conference Committee. The Speaker has appointed Representatives Morgan, Faycox, Bell, Thompson, Kutun, Easley, Gordon, Burnsed, Ludden, Gardner, Gallagher, alternates Gustafson, Carpenter, Burrell, Ward, Martinez, Mills and Davus as the Conferes on the part of the House.

Conference Committee on SB 1195

The President announced the appointment of the following conferees on SB 1195: Senator Johnston, chairmain; Senator Thomas, vice chairman; Senators Neal, Scott, Maxwell, Kirkpatrick, Vogt and Margolis, alternates Senators Gordon, Grant, Beard and Crawford.

On motion by Senator Thomas, by unanimous consent—

Statute. 1982 Supplement, requiring disclosure of certain information, amending § 627.84(11), Florida Statutes, 1982 Supplement, providing for mailing a notice of cancellation, repealing § 927.743, Florida Statutes, as created by chapter 92-243, Laws of Florida, relating to payment of third-party claims, amending § 627.91(15), Florida Statutes, 1982 Supplement, providing for reports by workers' compensation insurers, amending § 674.121(2), Florida Statutes, 1982 Supplement, providing for the filing of forms, amending § 654.1216, Florida Statutes, 1982 Supplement, providing for rating filings, providing an effective date

—was taken up out of order and read the second time by title.

Senator Thomas moved the following amendments which were adopted:

Amendment 1—On page 16, line 5, strike "subsection (2) and" and insert "subsection (2) and (3)".

Amendment 2—On page 17, between lines 25 and 26, insert Section 19 Subsection (17) of Section 626.689, Florida Statutes, as hereby repealed (Renumber subsequent sections)

Amendment 3—On page 14, line 17, strike "1982" and insert "1983".

Amendment 4—On page 17, between lines 26-27, insert Section 19 Subsection (11) of Section 625.012, 1982 Supplement, as amended to read:

625.012 "Assets" defined—In any determination of the financial condition of an insurer, there shall be allowed as "assets" only such "assets" as are owned by the insurer and which consist of:

(1) Electronic and mechanical machines, including computer operating software equipment constituting data processing and accounting system, if the cost of such system is at least $25,000, which cost shall be amortized in full over a period not to exceed 7 calendar years

(Renumber subsequent section)

Amendment 5—In title, on page 2, line 14, after the semicolon insert amending § 625.012(1), Florida Statutes, 1982 Supplement, providing for the inclusion of computer operating software equipment.

Amendment 6—On page 17, between lines 26 and 27, insert Section 19, Section 624.604, Florida Statutes, 1982 Supplement, as amended to read:

624.604 "Property insurance" defined—"Property insurance" is insurance on real or personal property of every kind and of every interest therein, whether on land, water, or in the air, against loss or damage from any and all hazard or cause, and against loss consequential upon such loss or damage, other than noncontractual legal liability for any such loss or damage. "Property insurance" may contain a provision for accidental death, or injury, as part of the multiple peril homeowners policy. Such insurance, which is incidental to the property insurance, shall not be subject to provisions of this code applicable to life or health insurance. Property insurance does not include title insurance as defined in § 624.606

(Renumber subsequent sections)

Amendment 7—In title, on page 2, line 14, after the semicolon insert amending § 624.604, Florida Statutes, 1982 Supplement, providing a new definition for "property insurance".

Amendment 8—On page 17, line 25, after the period insert. For each insurer and motor vehicle service agreement company which offers the motor vehicle purchaser a service agreement at no cost or at an amount less than the rate filed with the department, such insurer or motor vehicle service agreement company shall establish an unearned premium reserve as required by § 634.011 for such service agreement using the rate filed with the department.

Amendment 9—In title, on page 2, line 14, after the semicolon insert providing an unearned premium reserve account.

Amendment 10—On page 15, strike lines 27-29 and insert. Section 15, Section 627.741, Florida Statutes, as created by chapter 82-243, Laws of Florida, is amended to read:

627.743 Payment of third-party claims—

Prior to making any payment on a claim for damage to an automobile for a total loss regardless of amount, or for an amount in excess of $2,000, which automobile is owned by a person who is not named as an insured in the policy under which payment is made, the insurer shall first cause a search of the records of the Department of Highway Safety and Motor Vehicles to be made in order to determine whether the damaged vehicle is subject to any lien. If the search discloses the existence of any lien, payment of the claim shall be made jointly to the owner of the damaged vehicle and the first lienholder of record. The insurer shall not be subject to the requirements of this section if the owner of the damaged vehicle presents to the insurer a title certificate for such vehicle.

Amendment 11—In title, on page 2, line 5, strike "repealing" and insert "amending".

Senator Henderson moved the following amendment which failed:

Amendment 12—On page 5, line 24, before the period insert: prior to October 1, 1983.

On motion by Senator Thomas, by two-thirds vote CS for SB 1065 as amended was read the third time by title, passed, ordered engrossed and then certified to the House. The vote on passage was

Year—31

Mr President
Frank
Jenne
Mvers

Barron
Gersten
Jennings
Rehm

Beard
Girardeau
Kirkpatrick
Stuart

Carlucci
Grant
Malichon
Thomas

Castor
Grizzle
Mann
Thurman

Childers, W D
Hinkle
Margolius
Vogt

Crawford
Henderson
McPherson
Weinstein

Fox
Hill
Meek

Nays—None

On motion by Senator Barron, the House was requested to return HB 1012

ENROLLING REPORTS

Senate Bills 511 and 671 have been enrolled, signed by the required Constitutional Officers and presented to the Governor on May 27, 1983

Joe Brown, Secretary

CORRECTION AND APPROVAL OF JOURNAL

The Journal of May 26 was corrected and approved as follows:

Page 409, column 2, from bottom, line 26, strike "124" and insert 164

CO-INTRODUCERS

Senator Margolis—SB 763, Senator Scott—Senate Bills 435 and 650

Senator Henderson withdrew as co-introducer of SB 763

On motion by Senator Barron, the Senate adjourned at 12 38 p.m. to reconvene at 2 00 p.m., Monday, May 30.
I. SUMMARY:

A. Present Situation:

This bill revises and amends several different sections of the Florida Insurance Code. For ease of understanding, the following section-by-section analysis includes both the present law and the effect of the proposed changes.

Section 1. Essentially technical, this section establishes the Division of Rehabilitation and Liquidation within the Department of Insurance.

Section 2. The civil remedy section of the Insurance Code (s. 624.155, F.S.) requires notice to be given to the department and the insurer as a condition precedent to bringing an action under this section. This bill requires the notice itself to state that the notice is given in order to perfect the right to bring an action based upon the civil remedy section.

Section 3. Section 624.404, Florida Statutes, states who is an insurance company which is substantially owned or controlled by a government or governmental agency may not transact insurance in this state.

Section 4. This section authorizes the Department of Insurance to adopt rules requiring insurers to submit all or part of the insurer's annual financial statement in a computer readable form, if such information is available. Submitting such information in a form that is compatible with the department's data processing system will facilitate analysis by the department.

Sections 5 and 6. Section 624.425 prohibits property and casualty insurance agents from signing or countersigning in blank any policy issued outside the agent's office. The agent is permitted, however, to authorize the issuing insurance company to countersign a policy by imprinting the agent's name. This bill would allow the issuing insurer to imprint the name of the agency or other entity with which the agent may be sharing a commission.

The bill further provides that the countersignature law does not apply to the reissuance of policies or endorsements which are part of a mass reissuance and which do not involve a change of premium or payment of an agent's commission.

Section 7. The Department of Insurance currently charges $5.00 for reissuing an insurance representatives license or permit and $2.00 for changing the address of a licensee. This bill
eliminates the $2.00 fee for a change of address because such a change does not necessarily require a modified license to be issued. If, however, a modified license is requested by the licensee, the $5.00 fee will be charged.

Section 8. Current law requires a general lines agent to be a state resident for at least one year before a license is issued. The one year residency requirement may be waived if the applicant is employed by an agency under the supervision of a currently licensed general lines agent. This bill allows the residency requirement to be waived if the applicant is employed by an insurer and if the applicant is under the supervision of a currently licensed general lines agent.

Section 9. Property and casualty insurance rates are currently regulated under a "use and file" system. Under this system, rates must be filed with the Department of Insurance within thirty days after their effective date, (s. 627.331(4), Florida Statutes). If the rate is subsequently determined by the department to be excessive, inadequate, or unfairly discriminatory, the department may order the rate to be changed.

Many insurers write specialized individual risks for which rates are not currently on file with the department. An agent often binds such coverage prior to the rate being approved by the insurer, which makes it difficult for the insurer to notify the department within 30 days after the rate has actually been used. This bill provides that for individual risks for which a rating schedule is not on file with the department, the insurer has 90 days, rather than 30, to file the rate with the department.

The bill also eliminates the requirement that insurers file their underwriting rules with the department. Private passenger automobile and homeowner's insurer's must continue to file their underwriting rules with the department under this proposal.

Section 10. Current law requires insurance policies to be "readable" as determined by the Flesch reading ease test. This bill requires endorsements as well as policies to be readable. The bill further provides that endorsements filed after October 1, 1983, which modify policies issued prior to October 1, 1983, do not need to pass the Flesch reading ease test.

Sections 11 and 12. Current law provides that life insurance policies must provide that settlement shall be made upon proof of death, plus 10% interest from the date that written notice of death is received. This bill places the interest provision in a separate section of the law, enabling insurers to print policies without the actual percentage rate that will be paid. Then, if the interest rate is subsequently changed by the Legislature, insurers will not have to reprint all of their policies to include the new rate.

Sections 13 and 14. This section provides that employee groups as defined in sections 627.552, and 627.653, Florida Statutes, do not fall under the provisions of sections 627.5515 or 627.6515, Florida Statutes, relating to out-of-state group health and life insurance.

Section 15. Section 627.7264, Florida Statutes, provides that insurers must disclose liability coverage information about an insured upon written request of a claimant. A corporate officer of the insurer must attest to the information provided upon such a request. This bill provides that a claimant's attorney may also request the coverage information and that an insurer's claims manager may attest to the information.
Section 16. This section of the bill allows a premium finance company to mail rather than serve a written notice of cancellation to each insured shown on a premium finance agreement.

Section 17. The bill repeals subsections 627.551(6) and 627.651(5), Florida Statutes. These two subsections are in the group life insurance and group health insurance parts, respectively. Both subsections provide that the part in question does not apply to plans that are established or maintained in accordance with the Employee Retirement Income Security Act (ERISA), a federal law. These exemptions were added in the 1982 rewrite of the Insurance Code (82-243, as amended by 82-386, Laws of Florida). Prior to the adoption of the 1982 law the federal ERISA act expressly superseded all state laws relating to employee benefit plans (29 U.S.C. s. 1144(a)). The exemptions placed in the Florida Statutes were for the purpose of clarification.

On December 21, 1982, Congress amended the ERISA Act to provide that ERISA plans that are multiple employer welfare arrangements are subject to state insurance laws, to the extent not inconsistent with ERISA, unless the arrangement is fully insured or has obtained an exemption from the new law from the Secretary of Labor. Due to the changes in ERISA, subsections 627.551(6) and 627.651(5) could have the unintended effect of exempting from the insurance laws multiple employer welfare arrangements that the state may now regulate to a limited extent.

B. Effect of Proposed Changes:

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

No substantial fiscal impact.

B. Government:

No substantial fiscal impact.

III. COMMENTS:

IV. AMENDMENTS:
I. SUMMARY:

This bill revises and amends several different sections of the Florida Insurance Code. For ease of understanding, the following section-by-section analysis includes both the present law and the effect of the proposed changes.

Section 1. Essentially technical, this section establishes the Division of Rehabilitation and Liquidation within the Department of Insurance.

Section 2. The civil remedy section of the Insurance Code (s. 624.155, F.S.) requires notice to be given to the department and the insurer as a condition precedent to bringing an action under this section. The bill requires the notice itself to state that the notice is given in order to perfect the right to bring an action based upon the civil remedy section.

Section 3. Section 624.404, Florida Statutes, states who is and is not eligible for a certificate of authority to transact insurance in Florida. This bill provides that an insurance company which is substantially owned or controlled by a government or governmental agency may not transact insurance in this state.

Section 4. This section authorizes the Department of Insurance to adopt rules requiring insurers to submit all or part of the insurer's annual financial statement in a computer readable form, if such information is available. Submitting such information in a form that is compatible with the department's data processing system will facilitate analysis by the department.

Sections 5 and 6. Section 624.425 prohibits property and casualty insurance agents from signing or countersigning in blank any policy issued outside the agent's office. The agent is permitted, however, to authorize the issuing insurance company to countersign a policy by imprinting the agent's name. This bill would allow the issuing insurer to imprint the name of the agency or other entity with which the agent may be sharing a commission.

The bill further provides that the countersignature law does not apply to the reissuance of policies or endorsements which are part of a more reissuance and which do not involve a change of premium or payment of an agent's commission.

Section 7. The Department of Insurance currently charges $5.00 for reissuing an insurance representatives license or permit and $2.00 for changing the address of a licensee. This bill eliminates the $2.00 fee for a change of address because such a change does not necessarily require a modified license to be
issued. If, however, a modified license is requested by the licensee, the $5.00 fee will be charged.

Section 8. Current law requires a general lines agent to be a state resident for at least one year before a license is issued. The one year residency requirement may be waived if the applicant is employed by an agency under the supervision of a currently licensed general lines agent. This bill allows the residency requirement to be waived if the applicant is employed by an insurer and if the applicant is under the supervision of a currently licensed general lines agent.

Section 9. Property and casualty insurance rates are currently regulated under a "use and file" system. Under this system, rates must be filed with the Department of Insurance within thirty days after their effective date, (s. 627.331(4), Florida Statutes). If the rate is subsequently determined by the department to be excessive, inadequate, or unfairly discriminatory, the department may order the rate to be changed.

Many insurers write specialized individual risks for which rates are not currently on file with the department. An agent often binds such coverage prior to the rate being approved by the insurer, which makes it difficult for the insurer to notify the department within 30 days after the rate has actually been used. This bill provides that for individual risks for which a rating schedule is not on file with the department, the insurer has 90 days, rather than 30, to file the rate with the department.

The bill also eliminates the requirement that insurers file their underwriting rules with the department. Private passenger automobile and homeowner's insurer's must continue to file their underwriting rules with the department under this proposal.

Section 10. Current law requires insurance policies to be "readable" as determined by the Flesch reading ease test. This bill requires endorsements as well as policies to be readable. The bill further provides that endorsements filed after October 1, 1983, which modify policies issued prior to October 1, 1983, do not need to pass the Flesch reading ease test.

Sections 11 and 12. Current law provides that life insurance policies must provide that settlement shall be made upon proof of death, plus 10% interest from the date that written notice of death is received. This bill places the interest provision in a separate section of the law, enabling insurers to print policies without the actual percentage rate that will be paid. Then, if the interest rate is subsequently changed by the Legislature, insurers will not have to reprint all of their policies to include the new rate. This provision applies to all policies issued after October 1, 1983.

Section 13. Section 627.7264, Florida Statutes, provides that insurers must disclose liability coverage information about an insured upon written request of a claimant. A corporate officer of the insurer must attest to the information provided upon such a request. This bill provides that a claimant's attorney may also request the coverage information and that an insurer's claims manager may attest to the information.

Section 14. This section of the bill allows a premium finance company to mail rather than serve a written notice of cancellation to each insured shown on a premium finance agreement.
Section 15. Repeals section 627.743, Florida Statutes, relating to payment of third-party claim.

Section 16. Allows Workers' Compensation self-insurers to use a rating organization for purposes of reporting data to the Division of Workers' Compensation.

Sections 17 and 18. Provides that certain forms need not be refiled with the Department of Insurance.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

No substantial fiscal impact.

B. Government:

No substantial fiscal impact.

III. COMMENTS:

IV. AMENDMENTS:
I. SUMMARY:

This bill revises and amends several different sections of the Florida Insurance Code. For ease of understanding, the following section-by-section analysis includes both the present law and the effect of the proposed changes.

Section 1. Essentially technical, this section establishes the Division of Rehabilitation and Liquidation within the Department of Insurance.

Section 2. The civil remedy section of the Insurance Code (§ 624.155, F.S.) requires notice to be given to the department and the insurer as a condition precedent to bringing an action under this section. This bill requires the notice itself to state that the notice is given in order to perfect the right to bring an action based upon the civil remedy section. The bill further requires that the notice be written.

Section 3. Section 624.404, Florida Statutes, states who is and is not eligible for a certificate of authority to transact insurance in Florida. This bill provides that an insurance company which is substantially owned or controlled by a government or governmental agency may not transact insurance in this state.

Section 4. The Insurance Code allows certain insurers to meet new surplus requirements by increasing their surplus at a rate of $70,000 per year until they meet the required surplus of $750,000. This bill extends until December 31, 1986, the time in which these insurers may meet the surplus requirement. The bill also requires these insurers to maintain as minimum surplus the amount of surplus shown on the insurers' financial statement as of December 31, 1982.

Section 5. This section authorizes the Department of Insurance to adopt rules requiring insurers to submit all or part of the insurer's annual financial statement in a computer readable form, if such information is available. Submitting such information in a form that is compatible with the department's data processing system will facilitate analysis by the department.

Sections 6 and 7. Section 624.425 prohibits property and casualty insurance agents from signing or countersigning in blank any policy issued outside the agent's office. The agent is permitted, however, to authorize the issuing insurance company to countersign a policy by imprinting the agent's name. This bill would allow the issuing insurer to imprint the name of the agency or other entity with which the agent may be sharing a commission.
The bill further provides that the countersignature law does not apply to the reissuance of policies or endorsements which are part of a mass reissuance and which do not involve a change of premium or payment of an agent's commission.

Section 8. The Department of Insurance currently charges $5.00 for reissuing an insurance representatives license or permit and $2.00 for changing the address of a licensee. This bill eliminates the $2.00 fee for a change of address because such a change does not necessarily require a modified license to be issued. If, however, a modified license is requested by the licensee, the $5.00 fee will be charged.

Section 9. Current law requires a general lines agent to be a state resident for at least one year before a license is issued. The one year residency requirement may be waived if the applicant is employed by an agency under the supervision of a currently licensed general lines agent. This bill allows the residency requirement to be waived if the applicant is employed by an insurer and if the applicant is under the supervision of a currently licensed general lines agent.

Section 10. Property and casualty insurance rates are currently regulated under a "use and file" system. Under this system, rates must be filed with the Department of Insurance within thirty days after their effective date, (s. 627.331(4), Florida Statutes). If the rate is subsequently determined by the department to be excessive, inadequate, or unfairly discriminatory, the department may order the rate to be changed.

Many insurers write specialized individual risks for which rates are not currently on file with the department. An agent often binds such coverage prior to the rate being approved by the insurer, which makes it difficult for the insurer to notify the department within 30 days after the rate has actually been used. This bill provides that for individual risks for which a rating schedule is not on file with the department, the insurer has 90 days, rather than 30, to file the rate with the department.

The bill also eliminates the requirement that insurers file their underwriting rules with the department. Private passenger automobile and homeowner's insurer's must continue to file their underwriting rules with the department under this proposal.

Section 11. This section of the bill requires insurance claims to be paid either in cash or by a check or draft which complies with the standards of the Federal Reserve System.

Section 12. This section creates a new requirement that insurers must pay settled claims within 20 days after a settlement is reached.

Section 13. Current law requires insurance policies to be "readable" as determined by the Flesch reading ease test. This bill requires endorsements as well as policies to be readable. The bill further provides that endorsements filed after October 1, 1983, which modify policies issued prior to October 1, 1983, do not need to pass the Flesch reading ease test.

Sections 14 and 15. Current law provides that life insurance policies must provide that settlement shall be made upon proof of death, plus 10% interest from the date that written notice of death is received. This bill places the interest provision in a separate section of the law, enabling insurers to print policies without the actual percentage rate that will be paid. Then, if the interest rate is subsequently changed by the
Legislature, insurers will not have to reprint all of their policies to include the new rate. The bill also raises the interest to be paid from 10 percent to 11 percent. This provision applies to all policies issued after October 1, 1983.

Sections 16 and 17. These sections specify the benefits that must be paid by multiple employer welfare arrangements that are ERISA - approved plans. This takes advantage of recently-enacted Federal law which permits states to regulate such plans.

Sections 18 and 19. Current law requires family health insurance policies to cover handicapped children for as long as the child remains handicapped if the policyholder sends notice to the insurer within 60 days (90 for group policies) of the child reaching the limiting age specified in the policy. If this notice is not given to the insurer, the coverage is lost. This bill eliminates the notice requirement, but the policyholder is given the burden of establishing that the child is and has continued to be handicapped as defined in the statute.

Sections 20 and 21. These sections of the bill require health insurers which provide coverage for maternity care to also provide coverage for services of certified nurse-midwives and midwives.

Section 22. Section 627.7264, Florida Statutes, provides that insurers must disclose liability coverage information about an insured upon written request of a claimant. A corporate officer of the insurer must attest to the information provided upon such a request. This bill provides that a claimant's attorney may also request the coverage information and that an insurer's claims manager may attest to the information.

Section 23. This section of the bill allows a premium finance company to mail rather than serve a written notice of cancellation to each insured shown on a premium finance agreement.

Section 24. Current law requires an insurer to make a title search at the Department of Highway Safety and Motor Vehicles before paying any claim in which the automobile is either a total loss or is damaged in an amount in excess of $2,000. If the title search reveals an outstanding lien, the insurer must pay the claim jointly to the owner of the damaged vehicle and the lienholder. This bill provides that the title search by the insured will be required only if the automobile is a total loss.

Section 25. Allows Workers' Compensation self-insurers to use a rating organization for purposes of reporting data to the Division of Workers' Compensation.

Sections 26 and 27. Provides that certain forms and rates need not be refiled with the Department of Insurance.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

No substantial fiscal impact.

B. Government:

No substantial fiscal impact.

III. COMMENTS:
I. SUMMARY AND PURPOSE

This proposed bill provides that all payments of insurance claims in this state must be made in cash consisting of coins, currency, checks or money orders, and if by check must be drawn on a Florida financial institution. The bill is intended to speed up the claim payment process that may now be drawn out when claims are paid by drafts payable at or through financial institutions scattered across the country.

II. CURRENT LAW AND EFFECT OF CHANGES

A. CURRENT LAW

There is no statute specifically covering the manner or procedure for the payment of insurance claims. These claims are customarily paid by a draft which is issued by a local agent and is then paid through a central bank. Before the funds represented by a draft are ultimately collected by the beneficiary, the draft may pass through several financial institutions. This payment process may take several days because of the need to transport the draft physically from point to point in the collection chain. During that time, the beneficiary's local financial institution may not authorize the withdrawal of those funds until they have actually been collected.

B. EFFECT OF PROPOSED CHANGES

The proposed bill would amend s. 627.4035, F.S., by adding a new subsection (3) relating to the payment of claims. Subsection (1) now provides that premiums for insurance contracts issued in this state must be paid in cash consisting of coins, currency, checks or money orders. The new subsection (3) would simply extend this cash payment requirement to the payment of claims as well as premiums, with the additional requirement that where payment is by check it shall be drawn on a financial institution located in the state.

The cash payment requirement (check instead of draft) and the Florida financial institution requirement are both intended to speed up the collection process by reducing the number of steps in the payment system.