

1988

Session Law 88-104

Florida Senate & House of Representatives

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BILL VOTE SHEET

(VS-88: File with Secretary of Senate)

BILL NO. SB 682

COMMITTEE ON: Commerce

DATE: April 27, 1988

ACTION:

TIME: 9:00 a.m. - 12 noon

Favorably with 2 amendments

PLACE: Room A, Senate Office Building

Favorably with Committee Substitute

Unfavorably

OTHER COMMITTEE REFERENCES:
(in order shown)

Submitted as a Committee Bill

Temporarily Passed

None.

Reconsidered

Not Considered

COPY

FLORIDA STATE ARCHIVES
DEPARTMENT OF STATE
R A GRAY BUILDING
Tallahassee, FL 32399-0250

THE VOTE WAS:

Page 18 of 1687

FINAL BILL VOTE		SENATORS	04/27/88		04/27/88								
Aye	Nay		#1 Am. by Crenshaw p. 1. ln. 9-23	Aye	Nay	#2 Am. by Crenshaw (title)	Aye	Nay	Aye	Nay	Aye	Nay	
X		W.D. Childers											
X		Crenshaw											
X		Deratany											
		Gordon											
		Hair											
X		Langley											
		Scott											
X		Thomas VICE-CHAIRMAN											
		Barron CHAIRMAN											
X		Jennings											
6	*	0	TOTAL	W/O	-	W/O	-						
Aye	Nay			Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay

* Present at the table without objection

Please Complete: The Key sponsor appeared (X)
 A Senator appeared ()
 Sponsor's aide appeared ()
 Other appearance ()

SENATE COMMITTEE AMENDMENT

SB 682

No. 1
(reported favorably)

HB _____

The Committee on.....Commerce.....recommended the following amendment which was moved by Senator.....and adopted: and failed:

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Senate Amendment

On page 1....., lines 9-23..... strike all of said lines

Handwritten notes and stamps, including "1087" and "1088".

If amendment is text from another bill insert:

Bill No.	Draft No.	With Changes?	Yes	No

and insert:

Section 1. Section 626.752, Florida Statutes, is amended to read:

626.752 Exchange of business.--

(1)(a) "Excess business" is defined as risks requiring insurance above the limits of that which the agent's own insurer will accept.

(b) "Rejected business" is defined as risks which an agent's own insurer is authorized to write but rejects for underwriting reasons.

(2) Pursuant to rules and regulations adopted by the department, and subject to the provisions of subsection (3) of this section:

(a) An an agent may place with an insurer for which he is not a licensed agent only such excess or rejected business for which he is appointed and licensed, and which the insurer by which he is appointed is authorized to write, with an insurer for which he is not a licensed agent.

(b) An However, an agent may place a class of business which his insurer is authorized to write with an insurer for which he is not a licensed agent when it is in the best

CODING: Words stricken are deletions; words underlined are additions.

* Amendment No. 1, taken up by committee: 4/27/88 Adopted x *
* Offered by Senator Crenshaw Failed *

(Amendment No. _____ Adopted ___ Failed ___ Date ___/___/___)

1 interest of the insured to do so and whether or not it is
2 rejected business.

3 (3)(a) An insurer may furnish to resident Florida
4 general lines agents who are not licensed by such insurer its
5 forms, coverage documents, binders, applications, and other
6 incidental supplies only for the purposes set forth in this
7 section and only to the extent necessary to facilitate the
8 writing of exchange of business pursuant to this section. The
9 insurer shall assign an unique brokering agent's register
10 number to each agent not licensed with the insurer but
11 furnished with the insurer's forms, coverage documents,
12 binders, applications, and other incidental supplies.

13 (b) Each form, coverage document, binder, and
14 application shall contain the following legend prominently
15 displayed which shall be properly and completely filled out by
16 the agent when utilized: "BROKERING AGENT'S REGISTER NO. _____
17 ."

18 (c) The following legend must immediately preface a
19 line provided for the applicant's signature on the application
20 which shall be properly and completely filled out by the agent
21 when utilized: "I understand this application is not a binder
22 unless indicated as such on this form by the brokering agent."

23 (d)1. When business is placed under paragraph (2)(a),
24 the following legend must preface a line provided for the
25 brokering agent's signature which shall be properly and
26 completely filled out by the agent when utilized: "This
27 application is in compliance with Section 626.752, Florida
28 Statutes. A copy has been submitted to the applicant or
29 insured and coverage is: [] Bound effective _____(time)...
30 ...(date)...; [] Not bound."

31

1 2. When business is placed under paragraph (2)(b), the
2 following legend must preface a line provided for the
3 brokering agent's signature which shall be properly and
4 completely filled out by the agent when utilized: "This
5 application is in compliance with Section 626.752, Florida
6 Statutes, and is submitted in the best interest of the
7 applicant or insured to whom a copy has been furnished and
8 coverage is: [] Bound effective ...(time)...
9 ...(date)..., [] Not bound."

10 (e) The brokering agent shall maintain an appropriate
11 and permanent Brokering Agent's Register, which shall be a
12 bound journal, in which chronologically numbered transactions
13 are entered no later than the day in which the Brokering
14 Agent's application bearing the same number is signed by the
15 applicant. The numbers shall reflect an annual aggregate
16 through numerical sequence and be preceded by the last two
17 digits of the current year. The initial entry shall contain
18 the number of the transaction, date, time, and date of binder,
19 date on which coverage commences, name and address of
20 applicant, type of coverage desired, name of insurer binding
21 the risk or to whom the application is to be submitted, and
22 the amount of any premium collected therefor. By no later
23 than the date following policy delivery, the policy number and
24 coverage expiration date shall be added to the register.

25 (f) Policies written in accordance with this section
26 shall be properly countersigned in accordance with the
27 provisions of s. 624.425.

28 (g)1. Any insurer which violates this section as a
29 general business practice, in addition to other penalties as
30 may apply, shall be liable for coverage of any risk placed
31 with such insurer by nonlicensed agents utilizing forms,

1 coverage documents, binders, and applications not bearing the
2 insurer's name provided that such insurer has a history of
3 accepting placement from such agent, which placements have not
4 been made in compliance with the requirements of this section.

5 2. Any insurer furnishing forms, coverage documents,
6 binders, applications, and incidental supplies to an agent not
7 licensed with said insurer shall keep a log sufficient to
8 identify the agent.

9 3. With respect to business placed under this section,
10 if an agent collects a premium payment from an insured during
11 the policy period, the payment to the agent shall be deemed to
12 constitute payment to the insurer.

13 (h)1. No insurer shall furnish forms, coverage
14 documents, binders, applications, and incidental supplies to
15 an agent, for the purposes of this section, whether or not
16 licensed with the insurer, unless the name of the insurer is
17 prominently displayed thereon.

18 2. No agent shall utilize a form, coverage documents,
19 binder, or application which does not have prominently
20 displaced on its face the insurer's name.

21 3. No agent shall utilize a form, coverage document,
22 binder, or application not furnished by the insurer or not
23 furnished on behalf of the insurer by its managing general
24 agent with respect to which the form, coverage document,
25 binder, or application applies.

26 4. The agent shall not place any business pursuant to
27 this section unless the agent has fully complied with all
28 requirements of this section.

29 5. No insurer shall accept business from an agent not
30 licensed with said insurer on a form, coverage document,
31 binder, or application not furnished to the agent by said

1 insurer; providing, however, in the event an insurer accepts
2 business in violation of this provision the insurer shall be
3 liable for coverage arising thereunder.

4 6. No business shall be placed pursuant to subsection
5 (2), using a form, coverage document, binder, or application
6 containing the name of more than one insurer with check-off
7 boxes or spaces in which the agent indicates the insurer with
8 which coverage is bound or with respect to which premium is
9 collected.

10 (i) No provision of this section shall be construed to
11 limit the rights of any person afforded under s. 626.342.

12 (4){3} The foregoing limitations and restrictions
13 shall not be construed, and shall not apply to, the placing of
14 surplus lines business under the provisions of part VIII.

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16 (Renumber subsequent sections.)
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By Representative Young

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 626.752, F.S.; limiting when an agent may place
4 private passenger motor vehicle insurance with
5 certain insurers; providing an effective date.
6
7 Be It Enacted by the Legislature of the State of Florida;
8
9 Section 1. Subsection (2) of section 626.752, Florida
10 Statutes, is amended to read:
11 626.752 Exchange of business.--
12 (2) Pursuant to rules and regulations adopted by the
13 department, an agent may place only such excess or rejected
14 business for which he is appointed and licensed, and which the
15 insurer by which he is appointed is authorized to write, with
16 an insurer for which he is not a licensed agent. However, an
17 agent may place a class of business which his insurer is
18 authorized to write with an insurer for which he is not a
19 licensed agent when it is in the best interest of the insured
20 to do so and whether or not it is rejected business, but the
21 agent may not place private passenger motor vehicle insurance
22 with an insurer for which he is not a licensed agent except
23 for insurance written pursuant to ss. 626.913-626.937.
24 Section 2. This act shall take effect July 1, 1988, or
25 upon becoming a law, whichever occurs later.
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SENATE SUMMARY

Provides that an insurance agent may not place private passenger motor vehicle insurance with an insurer for which he is not licensed except in certain situations.

This publication was produced at an average cost of 1.12 cents per single page in compliance with the Rules and for the information of members of the Legislature and the public.

By the Committee on Insurance and Representative Young

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 626.752, F.S., relating to the exchange of
4 business; providing additional restrictions,
5 disclosures, and requirements; providing for
6 liability of insurers for coverage written by
7 unlicensed agents under certain circumstances;
8 providing an effective date.
9

10 Be It Enacted by the Legislature of the State of Florida;

11
12 Section 1. Section 626.752, Florida Statutes, is
13 amended to read:

14 626.752 Exchange of business.--

15 (1)(a) "Excess business" is defined as risks requiring
16 insurance above the limits of that which the agent's own
17 insurer will accept.

18 (b) "Rejected business" is defined as risks which an
19 agent's own insurer is authorized to write but rejects for
20 underwriting reasons.

21 (2) Pursuant to rules as may be and-regulations
22 adopted by the department and subject to the provisions of
23 subsection (3);

24 (a) An agent may place with an insurer for which he is
25 not a licensed agent only such excess or rejected business for
26 which he is appointed and licensed, and which the insurer by
27 which he is appointed is authorized to write with an insurer
28 for which he is not a licensed agent.

29 (b) However, An agent may place a class of business
30 which his insurer is authorized to write with an insurer for
31 which he is not a licensed agent when it is in the best

1 interest of the insured to do so and whether or not it is
2 rejected business.

3 (3)(a) An insurer may furnish to resident Florida
4 general lines agents who are not licensed by such insurer its
5 forms, coverage documents, binders, applications, and other
6 incidental supplies only for the purposes set forth in this
7 section and only to the extent necessary to facilitate the
8 writing of exchange of business pursuant to this section. The
9 insurer shall assign a unique brokering agent's register
10 number to each agent not licensed with the insurer but
11 furnished with the insurer's forms, coverage documents,
12 binders, applications, and other incidental supplies.

13 (b) Each form, coverage document, binder, and
14 application shall contain the following legend prominently
15 displayed, which shall be properly and completely filled out
16 by the agent when utilized:

17 "BROKERING AGENT'S REGISTER NO. _____."

18 (c) The following legend must immediately preface a
19 line provided for the applicant's signature on the
20 application, which shall be properly and completely filled out
21 by the agent when utilized:

22 "I understand this application is not a binder unless
23 indicated as such on this form by the brokering agent."

24 (d)1. When business is placed under paragraph (2)(a),
25 the following legend must preface a line provided for the
26 brokering agent's signature, which shall be properly and
27 completely filled out by the agent when utilized:

28 "This application is in compliance with s. 626.752,
29 Florida Statutes. A copy has been submitted to the applicant
30 or insured and coverage is: [] Bound effective _____
31 (time) _____ (date); [] Not bound."

1 2. When business is placed under paragraph (2)(b), the
2 following legend must preface a line provided for the
3 brokering agent's signature, which shall be properly and
4 completely filled out by the agent when utilized:
5 "This application is in compliance with s. 626.752,
6 Florida Statutes, and is submitted in the best interest of the
7 applicant or insured to whom a copy has been furnished and
8 coverage is: [] Bound effective (time)
9 (date); [] Not bound."
10 (e) The brokering agent shall maintain an appropriate
11 and permanent brokering agent's register, which shall be a
12 bound journal in which chronologically numbered transactions
13 are entered no later than the day in which the brokering
14 agent's application bearing the same number is signed by the
15 applicant. The numbers shall reflect an annual aggregate
16 through numerical sequence and be preceded by the last two
17 digits of the current year. The initial entry shall contain
18 the number of the transaction, date, time and date of binder,
19 date on which coverage commences, name and address of
20 applicant, type of coverage desired, name of insurer binding
21 the risk or to whom the application is to be submitted, and
22 the amount of any premium collected therefor. By no later
23 than the date following policy delivery, the policy number and
24 coverage expiration date shall be added to the register.
25 (f) Policies written in accordance with this section
26 shall be properly countersigned in accordance with the
27 provisions of s. 624.425.
28 (g) Any insurer which violates this section as a
29 general business practice, in addition to other penalties as
30 may apply, shall be liable for coverage of any risk placed
31 with such insurer by nonlicensed agents utilizing forms.

1 coverage documents, binders, and applications not bearing the
2 insurer's name, provided that such insurer has a history of
3 accepting placements from such agent, which placements have
4 not been made in compliance with the requirements of this
5 section.

6 2. Any insurer furnishing forms, coverage documents,
7 binders, applications, and incidental supplies to an agent not
8 licensed with said insurer shall keep a log sufficient to
9 identify the agent.

10 3. With respect to business placed under this section,
11 if an agent collects a premium payment from an insured during
12 the policy period, the payment to the agent shall be deemed to
13 constitute payment to the insurer.

14 (h)1. No insurer shall furnish forms, coverage
15 documents, binders, applications, and incidental supplies to
16 an agent for the purposes of this section, whether or not
17 licensed with the insurer, unless the name of the insurer is
18 prominently displayed thereon.

19 2. No agent shall utilize a form, coverage document,
20 binder, or application which does not have prominently
21 displayed on its face the insurer's name.

22 3. No agent shall utilize a form, coverage document,
23 binder, or application not furnished by the insurer or not
24 furnished on behalf of the insurer by its managing general
25 agent with respect to which the form, coverage document,
26 binder, or application applies.

27 4. The agent shall not place any business pursuant to
28 this section unless the agent has fully complied with all
29 requirements of this section.

30 5. No insurer shall accept business from an agent not
31 licensed with said insurer on a form, coverage document,

1 binder, or application not furnished to the agent by said
2 insurer. However, in the event an insurer accepts business in
3 violation of this provision, the insurer shall be liable for
4 coverage arising thereunder.

5 6. No business shall be placed pursuant to subsection
6 (2) using a form, coverage document, binder, or application
7 containing the name of more than one insurer with check-off
8 boxes or spaces in which the agent indicates the insurer bound
9 or with respect to which a premium is collected.

10 (i) No provision of this section shall be construed to
11 limit the rights of any person afforded under s. 626.342.

12 (4)(3) The foregoing limitations and restrictions
13 shall not be construed, and shall not apply to, the placing of
14 surplus lines business under the provisions of part VIII.

15 Section 2. This act shall take effect July 1, 1988, or
16 upon becoming a law, whichever occurs later.

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21 This publication was produced at an average cost of 1.12 cents
22 per single page in compliance with the Rules and for
the information of members of the Legislature and the public.

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STORAGE NAME: 88h1122in0
Date: 04/25/88

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Series 19 Carton 1831

HOUSE OF REPRESENTATIVES
COMMITTEE ON INSURANCE
STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: HB 1122
RELATING TO: Insurance/Exchange of Business
SPONSOR(S): Representative Young
EFFECTIVE DATE: July 1, 1988
COMPANION BILL(S): SB 682
OTHER COMMITTEES OF REFERENCE: (1) Appropriations
(2)

I. SUMMARY:

The bill prohibits an insurance agent from placing private passenger motor vehicle insurance with an insurer for which he is not licensed.

A. PRESENT SITUATION:

Under present law, an insurance agent may place excess or rejected business for which he is licensed, with an insurer for which he is not a licensed agent (s. 626.752, F.S.). Excess business is defined as risks requiring insurance above the limits an agent's own insurer will accept. Rejected business is defined as risks which an agent's own insurer is authorized to write but rejects for underwriting reasons.

Although an insurer is normally bound by the acts of its licensed agents, the insurer is not necessarily liable for the acts of an agent not licensed by the company. If an agent places excess or rejected private passenger motor vehicle business with a company for which he is not licensed, and either fails to remit the premium or fails to do so in a timely manner, an applicant may be without coverage.

B. EFFECT OF PROPOSED CHANGES:

The bill prohibits insurance agents from placing excess or rejected private passenger motor vehicle insurance with an insurer for which they are not licensed. The effect will be to require agents to place business only with companies for which they are licensed. An exception is provided for private passenger motor vehicle insurance written pursuant to the surplus lines law (ss. 626.913-626.937, F.S.). The surplus lines law permits unauthorized insurers to write coverages that cannot be procured from authorized carriers, subject to certain conditions.

C. SECTION-BY-SECTION ANALYSIS:

See B. above

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Appropriations Consequences:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Insurance agents will be prohibited from placing private passenger motor vehicle insurance with an insurer for which they are not licensed to write. As a result, agents may only place excess or rejected business with the Joint Underwriting Association.

2. Direct Private Sector Benefits:

Individuals seeking insurance will benefit from having coverage once an agent accepts the premium since the agent will be licensed for all companies to which the business may be placed.

3. Effects on Competition, Private Enterprise, and Employment Markets:

Agents will be prohibited from placing private passenger motor vehicle insurance with companies for which they are not licensed. Agents will have fewer companies from which to choose when attempting to place an application for motor vehicle insurance.

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

IV. COMMENTS:

V. AMENDMENTS:

VI. SIGNATURES:

INSURANCE COMMITTEE:

Prepared by:

Robert A. Henderson
Robert A. Henderson

Staff Director:

William Leary
William Leary

FINANCE & TAXATION:

Prepared by:

Staff Director:

APPROPRIATIONS:

Prepared by:

Staff Director:

STORAGE NAME: 88h1122in3
Date: 05/03/88

HOUSE OF REPRESENTATIVES
COMMITTEE ON INSURANCE
STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: CS/HB 1122

RELATING TO: Insurance/Exchange of Business

SPONSOR(S): Committee on Insurance & Representative Young

EFFECTIVE DATE: July 1, 1988, or Upon becoming a law, whichever occurs later

COMPANION BILL(S): SB 682

OTHER COMMITTEES OF REFERENCE: (1) Appropriations

(2) _____

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Tallahassee, FL 32399-0250

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I. SUMMARY:

The bill establishes requirements regarding the placing of business by an insurance agent with an insurer for which he is not licensed.

A. PRESENT SITUATION:

Under present law, an insurance agent may "broker" or place excess or rejected business for which he is licensed, with an insurer for which he is not a licensed agent (s. 626.752, F.S.). Excess business is defined as risks requiring insurance above the limits an agent's own insurer will accept. Rejected business is defined as risks which an agent's own insurer is authorized to write but rejects for underwriting reasons. An agent may also place a class of business which his insurer is authorized to write with an insurer for which he is not a licensed agent when it is in the best interest of the insured.

Although an insurer is normally bound by the acts of its licensed agents, the insurer is not necessarily liable for the acts of an agent not licensed by the company. If an agent places excess or rejected private passenger motor vehicle business with a company for which he is not licensed, and either fails to remit the premium or fails to do so in a timely manner, an applicant may be without coverage.

B. EFFECT OF PROPOSED CHANGES:

The bill authorizes an insurer to furnish forms, coverage documents, binders, applications and other supplies to resident Florida general lines agents to facilitate the writing of brokered business (i.e. business with companies for which they are not licensed). The insurer must assign a "brokering" agent's register number to each non-licensed agent furnished

with such forms and supplies. Each form supplied by an insurer must provide a space to record the agent's register number. The agent must also indicate on the document whether coverage is bound.

The bill requires an agent to maintain a register of "brokered" transactions. Entries to the register must be made no later than the day the application is signed by the applicant. The initial entry must contain specific information including: the number of the transaction, time and date of binder, date on which coverage begins, name and address of applicant, type of coverage, name of insurer, and amount of any premium collected. All policies must be countersigned by a local resident agent pursuant to s. 624.425, F.S.

An insurer in violation of the provisions of the bill as a general business practice will be liable for coverage placed by a non-licensed agent utilizing forms not bearing the insurer's name, if the insurer has a history of accepting placements from the agent. Any insurer furnishing forms and supplies to an unlicensed agent must keep a log identifying the agent. If an agent collects a premium from an insured for brokered business during the policy period, the payment to the agent will be deemed to constitute payment to the insurer.

The bill also requires that all forms and supplies furnished by an insurer to an agent, whether or not licensed with the insurer, prominently display the name of the insurer. An agent is prohibited from using a form which does not have the insurer's name prominently displayed on it. No agent can utilize a form not furnished by the insurer or not furnished on behalf of the insurer by its managing general agent. Insurers are prohibited from accepting business from an unlicensed agent on a form not furnished by the insurer to the agent. However, if the insurer accepts such business it will be liable for the coverage. No business may be placed on a form containing the name of more than one insurer with spaces for the agent to indicate which insurer is bound.

C. SECTION-BY-SECTION ANALYSIS:

See B. above

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Appropriations Consequences:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Insurers will incur costs to develop and disseminate forms and supplies bearing their name. Such costs will ultimately be passed on to policyholders.

2. Direct Private Sector Benefits:

Individuals seeking insurance should benefit from having coverage once an agent accepts the premium, since the agent is required to either be licensed with an insurer or use the insurer's forms.

3. Effects on Competition, Private Enterprise, and Employment Markets:

The effects on competition are unknown at this time.

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

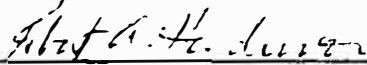
IV. COMMENTS:

V. AMENDMENTS:

VI. SIGNATURES:

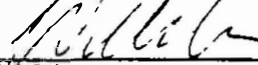
INSURANCE COMMITTEE:

Prepared by:



Robert A. Henderson

Staff Director:



William Leary

FINANCE & TAXATION:

Prepared by:

Staff Director:

APPROPRIATIONS:

Prepared by:

Staff Director:

By Senator Grant

This publication was produced at an average cost of 1.5 cents per page for the information of members of the legislature and the public.

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A bill to be entitled

An act relating to insurance; amending s. 626.752, F.S.; limiting when an agent may place private passenger motor vehicle insurance with certain insurers; providing an effective date.

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

Section 1. Subsection (2) of section 626.752, Florida Statutes, is amended to read:

626.752 Exchange of business.--

(2) Pursuant to rules ~~and regulations~~ adopted by the department, an agent may place only such excess or rejected business for which he is appointed and licensed, and which the insurer by which he is appointed is authorized to write, with an insurer for which he is not a licensed agent. However, an agent may place a class of business which his insurer is authorized to write with an insurer for which he is not a licensed agent when it is in the best interest of the insured to do so and whether or not it is rejected business, but the agent may not place private passenger motor vehicle insurance with an insurer for which he is not a licensed agent except for insurance written pursuant to ss. 626.913-626.937.

Section 2. This act shall take effect July 1, 1988, or upon becoming a law, whichever occurs later.

SENATE SUMMARY

Provides that an insurance agent may not place private passenger motor vehicle insurance with an insurer for which he is not licensed except in certain situations.

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Casteel MWC Fort FD		1. COM _____	_____
2. _____		2. _____	_____
3. _____		3. _____	_____
4. _____		4. _____	_____

COPY

SUBJECT:

Insurance-Agents

BILL NO. AND SPONSOR:

reproduced by
FLORIDA STATE ARCHIVES SB 682 by
DEPARTMENT OF STATE Senator Grant
R. A. GRAY BUILDING

Tallahassee, FL 32399-0250
Series 18 Carton 1087

I. SUMMARY:

A. Present Situation:

Chapter 626, F.S., provides that a property and casualty agent may attempt to obtain coverage for a potential insured from an insurance company the agent is not licensed with, if the company or companies in which the agent is licensed with, will not insure the potential insured.

B. Effect of Proposed Changes:

Section 626.752, F.S., as amended, prohibits an agent from placing private passenger motor vehicle insurance with an insurer which he is not a licensed agent, except for insurance written pursuant to ss. 626.913 - 626.937, F.S. (The Surplus Lines Law)

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

None.

B. Government:

None.

III. COMMENTS:

There appears to be some abuses of s. 626.752, F.S., dealing with exchange of business. Currently, there does not appear to be a need for an agent to place business with companies other than those he is licensed with. Generally, if an agent's company rejects an application, other companies will reject the applicant as well and the driver will be placed in the Automobile Joint Underwriting Association.

Currently, the common abuse that occurs is that the purpose of the licensed agent system is circumvented when an agent accepts an application and premium for coverage from a company with which he not licensed. A problem occurs if the agent fails to remit the premium or fails to do so in a timely manner, and an applicant is involved in an accident before the company has accepted coverage, the company is not responsible for the acts of that unlicensed agent.

IV. AMENDMENTS:

None.

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. Casteel <u>MWC</u>	Fort <u>FB</u>	1. <u>COM</u>	<u>Fav/2 amend.</u>
2. _____	_____	2. _____	_____
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT: Insurance-Agents

BILL NO. AND SPONSOR:
SB 682 by
Senator Grant

COPY

reproduced by
FLORIDA STATE ARCHIVES
DIVISION OF DOCUMENTS
P. A. G. ...
Tallahassee, FL 32304
Series 18 Carton 1687

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IV. AMENDMENTS:

#1 by Commerce:

Section 626.752, F.S., as amended, establishes requirements which must be met when placing business by an agent with an insurer with which the placing agent is not licensed. The forms, coverage documents, binders, and applications utilized in the placement must

be furnished by the agent. The insurer must assign a brokering agent's register number to each nonlicensed agent, furnished with the insurer's forms, coverage documents, binders, applications and incidental supplies. The furnished documents must have a space to record the agent's register number. The agent must indicate on the document whether coverage is bound or not bound. The applicant must indicate an understanding that coverage is not bound when this is the case.

The brokering agent must maintain a register of brokered transactions. Countersignature requirements must be met.

Insurers furnishing documents to nonlicensed agents are held accountable when business is placed improperly in certain cases. Insurers violating the exchange of business statute as a general business practice shall be responsible for the acts of agents with whom they have prior business dealings. Insurers must keep a log of agents furnished with the insurer's documents. Documents shall not be furnished or used unless the name of the insurer appears on the documents.

#2 by Commerce;
Title amendment.