1988

Session Law 88-166

Florida Senate & House of Representatives

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<th>Sess. Law #</th>
<th>88-162</th>
<th>Sec. #</th>
<th>35</th>
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<td>56 368</td>
<td>Comp./Sim. Bills</td>
<td>HB 1533; 56 369, 56 361</td>
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<td>Senate 83-84</td>
<td>Comms. of Senate Ref.</td>
<td>House 431</td>
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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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### Committee Records

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### Tape Recordings

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**NOTES**
A bill to be entitled
An act relating to insurance; amending s. 624.34, F.S., providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code; amending s. 624.404, F.S., relating to the general eligibility of insurers for a certificate of authority; providing criteria; amending s. 624.501, F.S., providing fees for registration certificates with respect to certain military installations; amending s. 626.221, F.S., increasing the time period for an exemption from examination for certain applicants; amending s. 626.231, F.S., providing for eligibility to take an examination for license; amending s. 626.251, F.S., deleting a time period with respect to notice of examination date; amending s. 626.281, F.S., providing for reexaminations; amending s. 626.511, F.S., eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent's appointment and license; amending s. 626.521, F.S., providing for required character and credit reports; creating s. 626.552, F.S., providing for reporting by insurers and supervising or managing general agents; amending ss. 626.611, 626.621, 634.181, 634.191, 634.320, 634.321,
634.422, 634.423, 642.041, and 642.043, F.S.,
providing uniform language with respect to
discipline or license refusal, suspension, or
revocation for persons having been found guilty
of, or having pleaded guilty or nolo contendere
to, a felony or a crime punishable by
imprisonment of 1 year or more; amending s.
626.731, F.S., revising criteria for
qualifications for a general lines agent's
license; amending s. 626.732, F.S., revising
language with respect to required knowledge,
experience, or instruction for license as a
general lines agent; amending s. 626.735, F.S.,
revising language with respect to
qualifications for a solicitor's license;
amending s. 626.739, F.S., revising language
with respect to a temporary license; amending
s. 626.740, F.S., revising language with
respect to temporary limited licenses for
industrial fire agents; amending s. 626.785,
F.S., relating to license qualifications;
amending s. 626.790, F.S., revising language
with respect to temporary licenses; amending s.
626.792, F.S., prohibiting the Department of
Insurance from issuing a life insurance agent's
license to certain nonresidents; amending s.
626.831, F.S., revising language with respect
to license qualifications; amending s. 626.835,
F.S., prohibiting the department from issuing a
health insurance agent's license to certain
nonresidents; amending s. 626.854, F.S.,

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redefining the term "public adjuster"; amending s. 626.869, F.S., revising criteria for the issuance of a limited license as an independent or public adjuster; amending s. 626.88, F.S., revising the definition of the terms "administrator" and "insurer"; amending s. 626.8805, F.S., providing criteria for certificates of authority; creating s. 626.8809, F.S., providing for a fidelity bond; amending s. 626.891, F.S., relating to grounds for suspension or revocation of certificate of authority; amending s. 626.943, F.S., relating to powers and duties of the department; amending s. 626.944, F.S., relating to qualifications for health care risk managers; creating s. 627.4085, F.S., requiring the name of the insurer on certain applications; amending s. 627.679, F.S., providing for required disclosure with respect to credit life insurance; repealing s. 627.9175(2), F.S., relating to the publication of health insurance loss ratios; amending s. 628.071, F.S., relating to the grant or denial of a permit, to include certain criteria; amending s. 631.031, F.S.; providing for discretionary commencement of delinquency proceedings; allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order; amending s. 631.041, F.S.; providing for an automatic stay; prohibiting certain actions upon commencement

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of a delinquency proceeding; allowing relief from the stay under certain circumstances; providing authority to issue injunctions or orders without notice; amending s. 631.271, F.S.; revising priority with respect to distribution of claims from the insurer's estate; amending s. 631.281, F.S.; providing that a claim of offset must be fully mature as of the filing of liquidation orders; creating s. 631.392, F.S.; providing for immunity for the department and its agents and employees, including the Insurance Commissioner, in carrying out responsibilities and duties under ch. 631, F.S.; amending s. 632.629, F.S., relating to annual licenses for certain societies authorized to transact business; amending s. 632.638, F.S., relating to the applicability of the Insurance Code; amending s. 637.415, F.S., relating to the regulation of employees or representatives of dental service plan corporations; creating s. 648.315, F.S., providing for the number of applications required for licensure as bail bondsmen; amending s. 648.34, F.S., revising criteria for qualifications of bail bondsmen; amending s. 648.37, F.S., revising criteria for qualifications of runners; amending s. 648.38, F.S., revising language with respect to examination as a bail bondsman; amending s. 648.39, F.S., relating to notice of appointment of agents; repealing s. 626.881, F.S., relating

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to the deposit of securities and surety bonds; 
repealing s. 626.8811, F.S., relating to a 
prohibition upon a levy upon deposit of certain 
assets or securities; providing for review and 
repeal; providing an effective date.

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

Section 1. Effective upon becoming a law, paragraph 
(b) of subsection (1) of section 624.34, Florida Statutes, is 
amended to read:

624.34 Authority of Department of Law Enforcement to 
accept fingerprints of, and exchange criminal history records 
with respect to, certain persons.--

(1) The Department of Law Enforcement may accept 
fingerprints of organizers, incorporators, subscribers, 
officers, stockholders, directors, or any other persons 
involved, directly or indirectly, in the organization, 
operation, or management of:

(b) Any other entity which is examined or investigated 
or which is eligible to be examined or investigated under the 
provisions of the Florida Insurance Code this part.

Section 2. Effective upon becoming a law, subsection 
(3) of section 624.404, Florida Statutes, is amended 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:

(3)(a) The department shall not grant or continue authority to transact insurance in this state as to any insurer the management, officers, or directors of which are found by it to be incompetent or untrustworthy, or so lacking in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public, or so lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation, or which it has good reason to believe are affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

(b) The department shall not grant or continue authority to transact insurance in this state as to any insurer if any stockholder, subscriber, incorporator, or other person exercising or having the ability to exercise effective control of the insurer or influencing or having the ability to influence the transaction of the business of the insurer does not possess appropriate character, reputation, financial standing, business experience, and motives for the successful operation of the insurer.

Section 3. Subsection (23) is added to section 624.501, Florida Statutes, to read:

624.501 Filing, license, and miscellaneous fees.--The department shall collect in advance, and persons so served

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shall pay in advance, fees, licenses, and miscellaneous charges as follows:

(23) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee $20.00

(b) Biennial renewal or continuation of certificate of registration, registration fee $20.00

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.--

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years 30-days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 5. Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination—waiting-period general-lines-agents-and-solicitors.--

††† No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

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An applicant for license as a general lines agent or solicitor whose application has been approved shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the offices of the department at Tallahassee, except that if the applicant for license as a general lines agent is currently licensed as a solicitor he shall be eligible for the examination for an agent's license upon approval of his application therefore by the department and shall not be subject to the 60-day waiting period.

Such 60-day waiting period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general lines agents.

The applicant may file his application for license while such schooling or experience is in progress or while such residence requirement is being completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626.251 Time and place of examination; notice.--

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice, not less than 15 days in advance of the examination date.

Notice shall be deemed given when so mailed.

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Section 7. Subsection (1) of section 626.281, Florida
Statutes, is amended to read:

626.281 Peexamination.--

(1) Any applicant for license who has either:

(a) Taken an examination and failed to make a passing
grade, or

(b) Failed to appear for the examination or to take or
complete the examination at the time and place specified in
the notice of the department,

may, after the expiration of 30 days from the date of the
previous such examination either taken or scheduled, upon
filing of another application for examination payment-of-an
additional-examination-application-filing-fee-for-a-second
examination take another a-second examination7-based-upon-the
same-application-for-license. The failure of an applicant to
pass an examination, or the failure to appear for the
examination for take or complete the examination, does not
preclude the applicant from taking subsequent examinations. A
separate and additional application for examination, together
with applicable fees, shall be filed with the department or a
person designated by the department for each subsequent
examination. If-the-applicant-fails-to-pass-such-second
examination-he-shall-not-be-eligible-for-or-be-permitted-to
take-another-examination-for-the-same-type-or-class-of-license
except-pursuant-to-a-new-application-for-license-and-payment
of-new-license-fees-and-examination-application-filing-fees-as
required-for-an-initial-application-for-license-and-no-such
application-for-license-shall-be-received-on-file-or
considered-by-the-department-until-after-the-expiration-of-30
days-after-the-date-of-dental-of-the-licensee- Except that, as

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to health insurance, an applicant who has failed the first examination shall be allowed to take a second examination upon payment of an additional examination application filing fee; and, if such applicant fails the second examination, he shall be required to wait for a period of 30 days before again applying for license.

Section 8. Subsection (1) of section 626.511, Florida Statutes, is amended to read:

626.511 Reasons for termination; privileged information.--

(1) Any insurer terminating the appointment and license of an agent; any general lines agent terminating the appointment and license of a solicitor or a crop hail or multiple-peril crop insurance agent; and any employer terminating the employment, license, or permit of an adjuster, service representative, supervising or managing general agent, or claims investigator, whether such termination is by direct action of the appointing insurer, agent, or employer or by failure to renew or continue the appointment and license as provided, shall file with the department a statement of the reasons, if any, for, and the facts relative to, such termination—unless the termination is for a license other than a primary license of a life agent and is for the sole reason that the life agent's primary license was terminated by the appointing insurer or the agent to whom it was issued. In the case of termination of the appointment of an agent, such information may be filed by the insurer or by the general agent of the insurer.

Section 9. Subsections (1) and (3) of section 626.521, Florida Statutes, are amended to read:

626.521 Character, credit reports.--

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(1) As to each applicant who for the first time in this state is applying and qualifying for a license as agent, solicitor, or adjuster, or for a permit as service representative, supervising or managing general agent, or claims investigator, the appointing insurer or its manager or general agent in this state, in the case of agents, or the appointing general lines agent, in the case of solicitors, or the employer, in the case of service representatives and claims investigators and of adjusters who are not to be self-employed, shall coincidentally with such appointment or employment secure and thereafter keep on file a full detailed credit and character report, made by an established and reputable independent credit reporting service, relative to the individual so appointed or employed; except that a life insurer may use its own reporting service for the making of such a report, unless otherwise expressly requested by the department.

(3) As to an applicant for an adjuster’s license who is to be self-employed, the department shall secure, at the cost of the applicant, a full detailed credit and character report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 10. Effective July 1, 1988, section 626.552, Florida Statutes, is created to read:

626.552 Reporting by insurers of insurance agencies and supervising or managing general agents.—

(1) By October 1, 1988, all insurers and supervising or managing general agents shall file with the department, on forms furnished by the department, the names and addresses of all supervising or managing general agents as defined in s. 626.091 and insurance agencies as defined in s. 626.094 with
which the insurer or supervising or managing general agent has
a contract to solicit or service insurance on its behalf.
Such information shall be updated by the insurers and
supervising or managing general agents on or before October 1
of each year.

(2) The information required under this section may
only be used by the department for the purpose of distributing
bulletins, brochures, or other material which the department
deems necessary for the information of licensed agents and
solicitors.

Section 11. Subsection (14) of section 626.611,
Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or
revocation of agent's, solicitor's, or adjuster's license or
service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department
shall deny, suspend, revoke, or refuse to renew or continue
the license of any agent, solicitor, or adjuster or the permit
of any service representative, supervising or managing general
agent, or claims investigator, and it shall suspend or revoke
the eligibility to hold a license or permit of any such
person, if it finds that as to the applicant, licensee, or
permittee any one or more of the following applicable grounds
exist:

(14) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state which
involves moral turpitude, without regard to whether a judgment

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of conviction has been entered by the court having jurisdiction of such cases.

Section 12. Subsection (8) of section 626.621, Florida Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it may suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 626.611:

(8) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 13. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, is amended, and paragraph (g) is added to said subsection, 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 year's 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. 626.732 if (b) or (g) who is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(g) That the applicant has passed any required examination for license required under s. 626.221.

Section 14. Subsections (1) and (3) of section 626.732, Florida Statutes, are amended to read:

626.732 Requirement as to knowledge, experience, or instruction.--

(1) Except as provided in subsection (3), no applicant for a license as a general lines agent, other than as to a
limited license as to baggage insurance, shall be qualified
therefor or be so licensed unless within the 4 years
immediately preceding the date his application for license is
filed with the department he has:

(a) Taught or successfully completed classroom courses
in insurance satisfactory to the department at a school,
college, or extension division thereof, approved by the
department;

(b) Completed a correspondence course in insurance
satisfactory to the department and regularly offered by
accredited institutions of higher learning in this state and,
except if he is applying for a limited license under s.
626.321, has had at least 6 months of responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer-its-managers-general-agents-or
representatives in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer-its-managers-managing-general-agents-
or-representatives in all lines of property and casualty
insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In the case of an applicant for license who is
enrolled-in-and-active-pursuing-classroom-courses-as
referred-to-in-paragraph-(a)-or-a-correspondence-course-as
specified in paragraph -(b)-the-department-may-in-its
discretion-permit-the-applicant-to-file-his-application-for
licensure not earlier than 60 days prior to the completion of such courses and of the 6 months of insurance employment and experience as referred to in paragraph (b) in order that the completion of the courses and of such insurance employment and experience may run concurrently with the 60-day waiting period required under s. 626.735(2) for eligibility for examination. An individual who was or became qualified to sit for an agent’s or adjuster’s examination at or during the time he was employed by the department and who while so employed was employed in responsible insurance duties as a full-time bona fide employee shall be permitted to take an examination if application for such examination is made within 90 days after the date of termination of his employment with the department.

Section 15. Subsections (2) and (3) of section 626.735, Florida Statutes, are amended, and subsection (8) is added to said section, to read:

626.735 Qualifications for solicitor’s license. — The department shall not grant or issue a license as solicitor as 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 the license it affirmatively appears:

(2) That the applicant is a bona fide resident of this state and will actually reside in the state at least 6 months out of the year. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this subsection, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance.
satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as the substantially full-time employee of an agent or insurer, its managers, managing general agents, or representatives.

(8) That the applicant has passed any required examination for license required under s. 626.221.

Section 16. Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence of agent. --

(1) The department may, in its discretion, issue a temporary license as agent to a licensed agent's employee, family member, business associate, or personal representative, or to the representative of a direct writing insurer of which the agent was the licensed agent in the area served by the agency, for the purpose of continuing or winding up the business affairs of the agent or agency, all subject to the following conditions:

(g) The holder of a temporary license may be granted a regular agent's license upon taking and successfully completing a classroom course or correspondence course in insurance or having the insurance employment experience as prescribed in s. 626.732 and passing an examination as required by s. 626.221; but the department may waive the
requirements as to residence and the time of taking such examination as prescribed in s. 626.231.

Section 17. Subsection (2) of section 626.740, Florida Statutes, is amended to read:

626.740 Temporary limited license as industrial fire agent; pending examination.--

(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 18. Subsection (2) of section 626.785, Florida Statutes, is amended to read:

626.785 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other licenses, either to the insurer represented thereunder or to the proper official of the other state.

Section 19. Subsection (2) of section 626.790, Florida Statutes, is amended to read:

626.790 Temporary license; pending examination.--

CODING: Words struck are deletions; words underlined are additions.
(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 20. Subsection (2) of section 626.792, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.792 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a life insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a life insurance agent in such other state or province and either passed such a written examination or was the holder of a life insurance agent's license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida

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Section 21. Subsection (2) of section 626.831, Florida Statutes, is amended to read:

626.831 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other licensee either to the insurer represented thereunder or to the proper official of the other state.

Section 22. Subsection (2) of section 626.835, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license does not hold a resident license as life agent issued by the nonresident's state or province of Canada.
license as a health insurance agent in such other state or province and either has passed such a written examination or was the holder of a health insurance agent's license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a health insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident health insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as health agent issued by the nonresident's state or province of Canada.

Section 23. Section 626.854, Florida Statutes, is amended to read:

626.854 "Public adjuster" defined.--A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. 626.860 provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for another person or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured in negotiating for, or effecting the settlement of, a claim or claims for loss or damage covered by an insurance contract, or who advertises for employment as an adjuster of such claims; and also includes any person who, for money, commission or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such public adjuster. This definition does not apply to a licensed health care provider or employee thereof.

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who prepares or files a health insurance claim form on behalf
of a patient.

Section 24. Subsection (2) of section 626.869, Florida
Statutes, is amended to read:

626.869 License, permit classes; adjusters, claims
investigators.--

(2) With the exception of a public adjuster limited to
health insurance, a limited license set forth in subsection
(1) as an independent or public adjuster may only be issued to
and retained by an employee of an independent or public
adjuster licensed in all lines of insurance other than life
and annuity. The office of the limited lines adjuster shall
be in the office of the licensed all-lines adjuster
responsible for his supervision and instruction.

Section 25. Section 626.88, Florida Statutes, is
amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator"
is any person who directly or indirectly solicits or effects
coverage of, collects charges or premiums from, or adjusts or
settles claims on residents of this state in connection with
authorized commercial self-insurance funds or with insured or
self-insured programs which provide life or health insurance
coverage or coverage of any other expenses described in s.
624.33(1), other than any of the following persons:

(a) An employer on behalf of such employer's employees
or the employees of one or more subsidiary or affiliated
corporations of such employer.

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to
transact insurance in this state or is acting as an insurer

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with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance A- health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements of ss. 624.438 and 624.439, or any governmental trust as defined in s. 624.33(3), and the trustees and employees acting pursuant to such trust, or a custodian, and its agents and employees, including individuals representing the trustees in overseeing the activities of a service company or administrator, acting pursuant to a custodial account which meets the requirements of s. 401(f) of the Internal Revenue Code.

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(j) A financial institution which is subject to supervision or examination by federal or state authorities or a mortgage lender licensed under chapter 494 who collects and remits premiums to licensed insurance agents or authorized insurers concurrently or in connection with mortgage loan payments.

(k) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized such collection, if such company does not adjust or settle claims.

(l) A person who adjusts or settles claims in the normal course of such person's practice or employment as an attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensation of the Department of Labor and Employment Security who administers only self-insured workers' compensation plans.

(n) A service company or service agent and its employees, authorized in accordance with ss. 626.895-626.899, serving only a single employer plan, multiple-employer welfare arrangements, or a combination thereof.

(2) For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 26. Subsection (6) is added to section 626.8805, Florida Statutes, to read.

626.8805 Certificate of authority to act as administrator.--

CODING: Words stricken are deletions; words underlined are additions.
(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 27. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 28. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 29. Subsection (6) of section 626.943, Florida Statutes, is amended to read:
310-1788-88 CS for SB 368

626.943 Powers and duties of the department.--It is
the function of the department to:

(6) Establish procedures for providing the Department
of Health and Rehabilitative Services with periodic reports on
persons certified licensed or disciplined by the department
under this part.

Section 30. Subsection (3) of section 626.944, Florida
Statutes, is amended to read:

626.944 Qualifications for health care risk

managers.--

(3) The department shall issue a certificate,
beginning on June 1, 1986, to practice health care risk
management to any applicant who qualifies under this section
and submits the certification license fee as set forth in s.
624.501. Certificates shall be issued and canceled in the
same manner as provided in part I of this chapter.

Section 31. Effective January 1, 1989, section
627.4085, Florida Statutes, is created to read:

627.4085 Insurer name required on application.--

(1) All applications for an insurance policy or
annuity contract shall prominently display the name of the
insuring entity on the first page of the application form at
the time the coverage is bound or premium is quoted.

(2) This section does not apply to surplus lines
business under the provisions of ss. 626.913-626.937.

Section 32. Effective January 1, 1989, paragraph (c)
of subsection (1) of section 627.679, Florida Statutes, is
amended to read:

627.679 Amount of insurance; disclosure.--

(1)

CODING: Words stricken are deletions; words underlined are additions.
(c) Before any credit life insurance may be sold, the creditor agent or agent shall obtain a separate written acknowledgment with respect to each of the following:

1. That the borrower understands that he has the option of assigning any other policy or policies the borrower owns or may procure for the purpose of covering such loan and that the policy need not be purchased from the creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life coverage may be deferred if, at the time of application, the borrower is unable to engage in employment or unable to perform normal activities of a person of like age and sex, if the proposed credit life insurance policy contains this

restriction.

3. That the borrower understands that the benefits under the policy will terminate when the borrower reaches a certain age and that the borrower's age is accurately represented on the application or policy.

Section 33. Subsection (2) of section 627.9175, Florida Statutes, is hereby repealed.

Section 34. Effective upon becoming a law, subsection (1) of section 628.071, Florida Statutes, is amended to read:

628.071 Granting, denial of permit.--

(1) The department shall expeditiously examine and investigate the application for a permit as referred to in s. 628.051. If the department finds that:

(a) The application is complete;
(b) The documents therewith filed are in compliance with law;
(c) The proposed financial structure is adequate; and
(d) All stockholders, organizers, incorporators, subscribers, and other persons who directly or indirectly exercise or have the ability to exercise effective control of the proposed insurer or who will be involved in management of the proposed insurer possess appropriate character, reputation, financial standing, business experience, and motives to form an insurer. The proposed officers and directors have sufficient insurance experience, ability, and standing to assure reasonable promise of successful operation; it shall issue to the applicant a permit to form the proposed insurer.

Section 35. Section 631.031, Florida Statutes, is amended to read:

631.031 Commencement of delinquency proceeding.--The department may shall commence any such proceeding by application to the court for an order directing the insurer to show cause why the department should not have the relief prayed for. On the return of such order to show cause, and after a full hearing, the court shall either deny the application or grant the application, together with such other relief as the nature of the case and the interests of the policyholders, creditors, stockholders, members, subscribers, or public may require. The department may also commence any such proceeding by application to the court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation.

Section 36. Section 631.041, Florida Statutes, is amended to read:

631.041 Automatic stay; relief from stay; injunctions.--

CODING: Words stricken are deletions; words underlined are additions.
(1) An application or petition under s. 631.031 operates as an automatic stay applicable to all persons and entities, other than the receiver, which shall be permanent and survive the entry of an order of conservation, rehabilitation, or liquidation, and which shall prohibit:

(a) The commencement or continuation of judicial, administrative, or other action or proceeding against the insurer or against its assets or any part thereof;

(b) The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

(c) Any act to obtain possession of property of the insurer;

(d) Any act to create, perfect, or enforce a lien against property of the insurer, except a secured claim as defined in s. 631.011(15);

(e) Any act to collect, assess, or recover a claim against the insurer, except claims as provided for under chapter 631;

(f) The setoff or offset of any debt owing to the insurer, except offsets as provided in s. 631.281.

(2) Upon written request of a person or entity subject to the stay against obtaining or enforcing a judgment against an insurer or affiliate provided in paragraph (1)(b) the court, with notice to the department and upon hearing, may grant relief from the stay provided the movant, who has the burden of proof, establishes by clear and convincing evidence that the judgment is not voidable or void by a receiver and that property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer.
Upon application by the department pursuant to this part for an order to show cause or upon petition, or at any time thereafter, the court may without notice issue an injunction restraining the insurer and its officers, directors, stockholders, members, subscribers, and agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

The court may without notice at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the department or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments, or other liens, or the making of any levy against the insurer or against its assets or any part thereof.

Notwithstanding any other provision of law, no bond shall be required of the department as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

Section 37. Subsection (1) of section 631.271, Florida Statutes, is amended to read:

631.271 Priority of claims.--

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:
(a) Class 1.--
1. All of the receiver's costs and expenses of administration.
2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.--Debts due to employees for services performed, to the extent that such debts do not exceed $2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. Such priority is in lieu of any other similar priority which may be authorized by law as to wages or compensation of employees.

(c) Class 3.--All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to his employee may be treated as a gratuity.

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(d) Class 4.--Claims of the Federal Government under nonassessable policies for unearned premiums or other premiums refunds and claims of general creditors.
(e) Class 5.--Claims under nonassessable policies for unearned premiums or premium refunds and claims of general creditors of the Federal Government or any state or local government.—Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f).

(f) Class 6.--Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (h), filed after the time specified in s. 631.181(3) except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (g) and under paragraph (f).

(g) Class 7.--Claims filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (h) or under paragraph (i). Surplus or contribution notes or similar obligations and premium refunds on assessable policies.--Payments to members of...
domestic-mutual-insurance-companies-shall-be-limited-in
accordance-with-law:

(h) Class 8 --Surplus or contribution notes, or
similar obligations, and premium refunds on assessable
policies. Payments to members of domestic mutual insurance
companies shall be limited in accordance with law. The-claims
of-shareholders-or-other-owners:

(1) Class 9.--The claims of shareholders or other
owners.

Section 38. Paragraph (a) of subsection (2) of section
631.281, Florida Statutes, is amended, and subsection (4) is
added to said section, to read:

631.281 Offsets.--

(2) No offset shall be allowed in favor of any such
person where:

(a) The obligation of the insurer to such person would
not at the date of the entry of any liquidation order or
otherwise, as provided in s. 631.251, entitle him to share as
a claimant in the assets of the insurer. Any such obligation
must be fully vested and mature as of the date of the order of
liquidation and in no way contingent upon any future event or
condition precedent to allow an offset.

(4) No claim of offset shall operate to create a
secured claim.

Section 39. Section 631.392, Florida Statutes, is
created to read:

631.392 Immunity.--There shall be no liability on the
part of, and no cause of action of any nature shall arise
against, the Insurance Commissioner or the department or its
employees or agents for any action taken by them in the
performance of their powers and duties under this chapter.

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Section 40. Effective upon becoming a law, section 632.629, Florida Statutes, is amended to read:

632.629 Annual license.--

(1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.

(2) A license issued or renewed under this chapter shall continue in force as long as the society is entitled thereto under this chapter and until suspended or revoked by the department or terminated at the request of the society, provided:

(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(3); and

(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

(3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

(4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement, in the amount provided in s. 624.501(1)(b). Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1 next succeeding June 24, 1986.--The authority of such societies and

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all-societies-hereafter-licensed-may-thereafter-be-renewed
annually, but in all cases such authority shall terminate on
the succeeding June 1. However, a license so issued shall
continue in full force and effect until the new license is
issued or specifically refused. The society shall pay the
department the annual license tax provided for in s.
624.50(3) for each such license or renewal. Societies which
are now authorized to transact business in this state may
continue such business until the June 1 next succeeding June 24,
1986. The authority of such societies and all societies
hereafter licensed may thereafter be renewed annually, but in
all cases such authority shall terminate on the succeeding
June 1. However, a license so issued shall continue in full
force and effect until the new license is issued or
specifically refused. The society shall pay the department
the annual license tax provided for in s. 624.50(3) for each
such license or renewal.

(5) A duly certified copy or duplicate of such license
shall be prima facie evidence that the licensee is a fraternal
benefit society within the meaning of this chapter.

Section 41 Subsections (6), (7), (8), (9), (10), and
(11) of section 632.638, Florida Statutes, are renumbered as
subsections (8), (9), (10), (11), (12), and (13),
respectively, and new subsections (6) and (7) are added to
said section to read:

632.638 Applicability of other code provisions. In
addition to the provisions heretofore contained or referred to
in this chapter, other chapters and provisions of this code
shall apply to fraternal benefit societies, to the extent
applicable and not in conflict with the express provisions of

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this chapter and the reasonable implications thereof, as follows:

(6) Part III of chapter 626;

(7) Part IV of chapter 626;

Section 42. Subsection (11) is added to section 634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or revocation of registration of salesmen.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any such salesman if it finds that as to the salesman any one or more of the following applicable grounds exist:

(11) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 43. Subsection (6) of section 634.191, Florida Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension, revocation of registration of salesmen.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any salesman if it finds that as to the salesman any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.181:

(6) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable

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by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 44. Subsection (11) of section 634.320, Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, without regard to whether judgment of conviction has been entered by the court.

Section 45. Subsection (6) of section 634.321, Florida Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found, after notice and hearing thereon as provided in s. 634.322, that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.320:

CODING: Words stricken are deletions; words underlined are additions.
(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court.

Section 46. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 47. Subsection (6) of section 634.423, Florida Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist under circumstances for

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which such denial, suspension, revocation, or refusal is not
mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country, in this state or any other state, without regard to
whether judgment of conviction has been entered by the court
having jurisdiction of such case.

Section 48. Subsection (5) of section 637.415, Florida
Statutes, is amended to read:

637.415 Regulation of employees or representatives of
dental service plan corporations.--

(5) The grounds and procedures for refusal,
suspension, or revocation of a license issued to any employee
or representative of a dental service plan corporation shall
be as set forth in ss. 626.611-626.691 and the
duration of any suspension or revocation shall be as set forth
in ss. 626.611-626.641.

Section 49. Subsection (11) of section 642.041,
Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or
revocation of registration of contracting sales
representatives.--The department shall, pursuant to the
insurance code, deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative or the
license of any general lines agent or solicitor if it finds
that, as to the sales representative, general lines agent, or
solicitor, any one or more of the following applicable grounds
exist:

CODING: Words stricken are deletions; words underlined are additions.
(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 50. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 51. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.—After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or

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(2) A period of 24 months transpires between the time
the licensee's last limited surety agent or professional
bondsman's license is terminated and the date an application
for a similar license is received by the department in
Tallahassee.

Section 52. Paragraphs (b) and (d) of subsection (2)
of section 648.34, Florida Statutes, are amended, paragraph
(g) is added to said subsection, and subsection (3) of said
section is amended, to read:

648.34 Bail bondsmen; qualifications.--
(2) To qualify as a bail bondsman, it must
affirmatively appear at the time of application and throughout
the period of licensure that:

(b) The applicant is a bona fide resident of the
state. An individual who is a bona fide resident of this
state shall be deemed to meet the residence requirement of
this paragraph, notwithstanding the existence, at the time of
application for license, of a license in his name on the
records of another state as a resident licensee of such other
state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing.

(d) The applicant has successfully completed a basic
certification course in the criminal justice system,
consisting of not less than 80 hours, approved by the board
and has successfully completed, within 2 years of the date of
his application, a correspondence course for bail bondsmen
approved by the board.

(g) The applicant has passed any required examination.

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A fee of $18 shall be submitted to the department with each application, in addition to the $18 fee. The department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 53. Paragraph (b) of subsection (2) and subsection (3) of section 648.37, Florida Statutes, are amended to read:

648.37 Runners; qualifications.—

(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee

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shall be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 54. Section 648.38, Florida Statutes, is amended to read:

648.38 Examination; time; place; fee; scope.--

(1)(a) If upon the basis of the completed application for examination and such further inquiry or investigation as the department may make concerning the fitness and qualifications of the applicant, the department is satisfied that, subject to any examination required to be taken and passed by the applicant for a license, the applicant is qualified to take the examination applied for and that all pertinent taxes and fees have been paid, it shall approve the application.

(b) If upon the basis of the completed application for examination and such further inquiry or investigation as to the fitness and qualifications of the applicant, the department deems the applicant to be unfit or lacking in any one or more of the required qualifications as specified in s. 648.34 as to limited surety agents, and ss. 648.34 and 648.35 as to professional bondsmen, the department shall disapprove the application.

(c) At the time of filing his application for examination, each applicant shall pay to the department or a person designated by the department a fee for filing the application for the examination. To provide the applicant with options such as electronic examinations, a fee to cover CODING: Words struck through are deletions; words underlined are additions.
the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant shall be required to appear in person at a place hereinafter designated to take a written examination prepared by the department, or by a person designated by the department for that purpose, and approved by the board, testing his ability and qualifications to be a bail bondsman. The board shall determine the minimum performance level required for passage of the examination in order to ensure that the applicant has an adequate level of competence and knowledge of the duties and responsibilities of a bail bondsman.

(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice. Notice shall be deemed given when so mailed.

(4) Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant and he shall be...
entitled to notice of the time and place not less than 15 days prior to taking the examination.

(4) A fee of $180 shall be submitted to the department with each application, such fee to be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. The fee for filing an application for examination shall not be subject to refund.

(5) The failure of the applicant to secure approval of the department shall not preclude him from applying as many times as he desires, but no application will be considered by the department within 60 days subsequent to the date upon which the department denied the last application.

(6) The failure of an applicant to pass an examination, after having been approved by the department to take the examination, does not preclude him from taking subsequent examinations. A separate and additional application and fee for filing an application for examination shall be filed with the department for each subsequent examination; provided however that at least 30 days must intervene between examinations.

(7) The $18 fee for filing an application for examination shall apply to each examination, but once an applicant has been approved by the department he will not have to file another application as set forth in ss 648:34 and 648:35 unless specifically so ordered by the department. Any bondsman who successfully passes an examination must be licensed within 24 months from date of examination or be subject to another examination unless failure to be so licensed was due to military service, in which event the period within which another examination is not required may, in the department's discretion, be extended to 12 months.

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following the date of discharge from military service, if the
military service does not exceed 3 years, but in no event to
extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as
the bail bond business.

Section 55. Subsection (1) of section 648.39, Florida
Statutes, is amended to read:

648.39 Notice of appointment of agents; termination.--

(1) Each insurer shall biennially, prior to March
September 1 of each odd-numbered year, file with the
department an alphabetical list of all agents appointed
pursuant to this chapter, giving the type and class of
license, name, and address of each licensee whose appointment
and license in this state is being renewed or is to be
continued in effect, accompanied by payment of the applicable
renewal or continuation fees and taxes. Each such insurer
which shall, subsequent to the filing of this list, expect to
appoint an agent pursuant to this chapter in this state shall
give notice thereof to the department along with a written
application for license for such agent. All such appointments
shall be subject to the issuance of licenses pursuant to this
chapter to such agents.

Section 56. Sections 626.881 and 626.8811, Florida
Statutes, are hereby repealed.

Section 57. Section 626.552, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

Section 58. Section 626.8809, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

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Section 59. Section 627.4085, Florida Statutes, is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 60. Section 631.392, Florida Statutes, is repealed October 1, 1991, and shall be reviewed by the Legislature prior to that date pursuant to s. 11.61, Florida Statutes.

Section 61. Each section which is added to chapter 648, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 62. Except as otherwise provided herein, this act shall take effect October 1, 1988.

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR Senate Bill 368

Insurer insolventies are generally handled under ch. 631, F.S., rather than under the Federal bankruptcy act. Section 631.031, F.S., covers the commencement of a delinquency proceeding and is revised to clearly provide for the commencement of a proceeding by application to the circuit court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation. Section 631.041, F.S., provides an automatic stay is provided with respect to an application or petition by the department. The stay applies to all persons other than the receiver. The stay prohibits the commencement of certain actions in other forums such as enforcement of a judgment. The stay may be lifted upon establishment by clear and convincing evidence that the judgment is not void or voidable by a receiver and that the property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer. Section 631.271, F.S., is revised to raise Federal claims to a higher priority. Section 631.281, F.S., provides mutual debts or credits between the insurer and another person may be offset. To be allowed, an offset must be fully vested and mature as of the date of the liquidation order. Chapter 631, F.S., currently contains immunity provisions under parts II and III which protect the department when acting under these parts. Section 631.392, F.S., as created would apply under part I to protect the department when acting as receiver and in exercising its regulatory authority under the Insurers Rehabilitation and Liquidation Act. This provision would extend throughout the chapter.

Additionally, a Sunset provision for s. 631.392, F.S., which is created is included.

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A bill to be entitled
An act relating to insurance; amending s.
624.34, F.S.; providing for the authority of
the Department of Law Enforcement to accept
fingerprints of any entity which is examined or
investigated under the Florida Insurance Code;
amending s. 624.404, F.S.; relating to the
general eligibility of insurers for a
certificate of authority; providing criteria;
amending s. 624.501, F.S.; providing fees for
registration certificates with respect to
certain military installations; amending s.
626.221, F.S.; increasing the time period for
an exemption from examination for certain
applicants; amending s. 626.231, F.S.;
providing for eligibility to take an
examination for license; amending s. 626.251,
F.S.; deleting a time period with respect to
notice of examination date; amending s.
626.281, F.S.; providing for reexaminations;
amending s. 626.511, F.S.; eliminating an
exemption to a requirement that described
persons file a statement with the Department of
Insurance describing the reason for the
termination of an agent's appointment and
license; amending s. 626.521, F.S.; providing
for required character and credit reports;
creating s. 626.552, F.S.; providing for
reporting by insurers and supervising or
managing general agents; amending ss. 626.611,
626.621, 634.181, 634.191, 634.320, 634.321,
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634.422, 634.423, 642.041, and 642.043, F.S.;
providing uniform language with respect to
discipline or license refusal, suspension, or
revocation for persons having been found guilty
of, or having pleaded guilty or nolo contendere
to, a felony or a crime punishable by
imprisonment of 1 year or more; amending s.
626.731, F.S.; revising criteria for
qualifications for a general lines agent's
license; amending s. 626.732, F.S.; revising
language with respect to required knowledge,
experience, or instruction for license as a
general lines agent; amending s. 626.735, F.S.;
revising language with respect to
qualifications for a solicitor's license;
amending s. 626.739, F.S.; revising language
with respect to a temporary license; amending
s. 626.740, F.S.; revising language with
respect to temporary limited licenses for
industrial fire agents; amending s. 626.785,
F.S.; relating to license qualifications;
amending s. 626.790, F.S.; revising language
with respect to temporary licenses; amending s.
626.792, F.S.; prohibiting the Department of
Insurance from issuing a life insurance agent's
license to certain nonresidents; amending s.
626.831, F.S.; revising language with respect
to license qualifications; amending s. 626.835,
F.S.; prohibiting the department from issuing a
health insurance agent's license to certain
nonresidents; amending s. 626.854, F.S.;

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redefining the term "public adjuster"; amending s. 626.869, F.S.; revising criteria for the issuance of a limited license as an independent or public adjuster; amending s. 626.88, F.S.; revising the definition of the terms "administrator" and "insurer"; amending s. 626.8805, F.S.; providing criteria for certificates of authority; creating s. 626.8809, F.S.; providing for a fidelity bond; amending s. 626.891, F.S.; relating to grounds for suspension or revocation of certificate of authority; amending s. 626.943, F.S.; relating to powers and duties of the department; amending s. 626.944, F.S.; relating to qualifications for health care risk managers; creating s. 627.4085, F.S.; requiring the name of the insurer on certain applications; amending s. 627.679, F.S.; providing for required disclosure with respect to credit life insurance; repealing s. 627.9175(2), F.S., relating to the publication of health insurance loss ratios; amending s. 628.071, F.S.; relating to the grant or denial of a permit, to include certain criteria; amending s. 631.031, F.S.; providing for discretionary commencement of delinquency proceedings; allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order; amending s. 631.041, F.S.; providing for an automatic stay; prohibiting certain actions upon commencement

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of a delinquency proceeding; allowing relief
from the stay under certain circumstances;
providing authority to issue injunctions or
orders without notice; amending s. 631.271,
F.S.; revising priority with respect to
distribution of claims from the insurer's
estate; amending s. 631.281, F.S.; providing
that a claim of offset must be fully mature as
of the filing of liquidation orders; creating
s. 631.392, F.S.; providing for immunity for
the department and its agents and employees,
including the Insurance Commissioner, in
carrying out responsibilities and duties under
ch. 631, F.S.; amending s. 632.629, F.S.;
relating to annual licenses for certain
societies authorized to transact business;
amending s. 632.638, F.S.; relating to the
applicability of the Insurance Code; amending
s. 637.415, F.S.; relating to the regulation of
employees or representatives of dental service
plan corporations; creating s. 648.315, F.S.;
providing for the number of applications
required for licensure as bail bondsmen;
amending s. 648.34, F.S.; revising criteria for
qualifications of bail bondsmen; amending s.
648.37, F.S.; revising criteria for
qualifications of runners; amending s. 648.38,
F.S.; revising language with respect to
examination as a bail bondsman; amending s.
648.39, F.S.; relating to notice of appointment
of agents; repealing s. 626.881, F.S., relating

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to the deposit of securities and surety bonds;
repealing s. 626.8811, F.S., relating to a
prohibition upon a levy upon deposit of certain
assets or securities; providing for review and
repeal; providing an effective date.

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

Section 1. Effective upon becoming a law, paragraph
(b) of subsection (1) of section 624.34, Florida Statutes, is
amended to read:

624.34 Authority of Department of Law Enforcement to
accept fingerprints of, and exchange criminal history records
with respect to, certain persons.--

(1) The Department of Law Enforcement may accept
fingerprints of organizes, incorporators, subscribers,
officers, stockholders, directors, or any other persons
involved, directly or indirectly, in the organization,
operation, or management of:

(b) Any other entity which is examined or investigated
or which is eligible to be examined or investigated under the
provisions of the Florida Insurance Code this-part.

Section 2. Effective upon becoming a law, subsection
(3) of section 624.404, Florida Statutes, is amended 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:

(3) The department shall not grant or continue authority to transact insurance in this state as to any insurer the management, officers, or directors of which are found by it to be incompetent or untrustworthy, or so lacking in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public, or so lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation, or which it has good reason to believe are affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

(b) The department shall not grant or continue authority to transact insurance in this state as to any insurer if any person, including any subscriber, stockholder, or incorporator, who exercises or has the ability to exercise effective control of the insurer, or who influences or has the ability to influence the transaction of the business of the insurer, does not possess the financial standing and business experience for the successful operation of the insurer.

Section 3. Subsection (23) is added to section 624.501, Florida Statutes, to read:

624.501 Filing, license, and miscellaneous fees.--The department shall collect in advance, and persons so served CODING: Words stricken are deletions; words underlined are additions.
shall pay to it in advance, fees, licenses, and miscellaneous charges as follows:

(23) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee $20.00

(b) Biennial renewal or continuation of certificate of registration, registration fee $20.00

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.--

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years 30-days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 5. Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination--acting--period general-lines-agents-and-solicitors.--

+++ No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

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An applicant for a license as a general-lines-agent or solicitor whose application has been approved shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the offices of the department at Tallahassee, except that if the applicant for a license as a general-lines-agent is currently licensed as a solicitor he shall be eligible for the examination for an agent's license upon approval of his application therefor by the department and shall not be subject to the 60-day waiting period.

Such 60-day waiting period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general-lines-agents.

The applicant may file his application for a license while such schooling or experience is in progress or while such residence requirement is being completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626.251 Time and place of examination; notice.--

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice, not less than 15 days in advance of the examination date.

Notice shall be deemed given when so mailed.
Section 7. Subsection (1) of section 626.281, Florida Statutes, is amended to read:

626.281 Reexamination.--

(1) Any applicant for license who has either:

(a) Taken an examination and failed to make a passing grade, or

(b) Failed to appear for the examination or to take or complete the examination at the time and place specified in the notice of the department,

can, after the expiration of 30 days from the date of the previous such examination either taken or scheduled, upon filing of another application for examination payment-of-an additional-examination- application-filing-fee-for-a-second examination take another a-second examination based-upon-the same-application-for-license. The failure of an applicant to pass an examination, or the failure to appear for the examination or to take or complete the examination, does not preclude the applicant from taking subsequent examinations. A separate and additional application for examination, together with applicable fees, shall be filed with the department or a person designated by the department for each subsequent examination. If-the-applicant-fails-to-pass-such-second examination-he-shall-not-be-eligible-for-or-be-permitted-to take-another-examination-for-the-same-type-or-class-of-license except-pursuant-to-a-new-application-for-license-and-payment of-new-license-fees-and-examination-application-filing-fees-as required-for-an-initial-application-for-license-and-no-such application-for-license-shall-be-received-on-file-or considered-by-the-department-until-after-the-expiration-of-30 days-after-the-date-of-denial-of-the-license. Except that, as CODING: Words stricken are deletions; words underlined are additions.
to health insurance, an applicant who has failed the first
examination shall be allowed to take a second examination upon
payment of an additional examination application filing fee;
and, if such applicant fails the second examination, he shall
be required to wait for a period of 30 days before again
applying for license.

Section 8. Subsection (1) of section 626.511, Florida
Statutes, is amended to read:

626.511 Reasons for termination; privileged
information.--

(1) Any insurer terminating the appointment and
license of an agent; any general lines agent terminating the
appointment and license of a solicitor or a crop hail or
multiple-peril crop insurance agent; and any employer
terminating the employment, license, or permit of an adjuster,
service representative, supervising or managing general agent,
or claims investigator, whether such termination is by direct
action of the appointing insurer, agent, or employer or by
failure to renew or continue the appointment and license as
provided, shall file with the department a statement of the
reasons, if any, for, and the facts relative to, such
termination-unless-the-termination-is-for-a-license-other
than-a-primary-license-of-a-life-agent-and-is-for-the-same
reason-that-the-life-agent's-primary-license-was-terminated-by
the-appointing-insurer-or-the-agent-to-whom-it-was-issued. In
the case of termination of the appointment of an agent, such
information may be filed by the insurer or by the general
agent of the insurer.

Section 9. Subsections (1) and (3) of section 626.521,
Florida Statutes, are amended to read:

626.521 Character, credit reports.--
(1) As to each applicant who for the first time in this state is applying and qualifying for a license as agent, solicitor, or adjuster, or for a permit as service representative, supervising or managing general agent, or claims investigator, the appointing insurer or its manager or general agent in this state, in the case of agents, or the appointing general lines agent, in the case of solicitors, or the employer, in the case of service representatives and claims investigators and of adjusters who are not to be self-employed, shall coincidentally with such appointment or employment secure and thereafter keep on file a full detailed credit and character report, made by an established and reputable independent credit reporting service, relative to the individual so appointed or employed; except that a life insurer may use its own reporting service for the making of such a report, unless otherwise expressly requested by the department.

(3) As to an applicant for an adjuster's license who is to be self-employed, the department shall secure, at the cost of the applicant, a full detailed credit and character report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 10. Effective July 1, 1988, section 626.552, Florida Statutes, is created to read:

626.552 Reporting by insurers of insurance agencies and supervising or managing general agents.--

(1) By October 1, 1988, all insurers and supervising or managing general agents shall file with the department, on forms furnished by the department, the names and addresses of all supervising or managing general agents as defined in s. 626.091 and insurance agencies as defined in s. 626.094 with

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which the insurer or supervising or managing general agent has
a contract to solicit or service insurance on its behalf.
Such information shall be updated by the insurers and
supervising or managing general agents on or before October 1
of each year.

(2) The information required under this section may
only be used by the department for the purpose of distributing
bulletins, brochures, or other material which the department
deems necessary for the information of licensed agents and
solicitors.

Section 11. Subsection (14) of section 626.611,
Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or
revocation of agent's, solicitor's, or adjuster's license or
service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department
shall deny, suspend, revoke, or refuse to renew or continue
the license of any agent, solicitor, or adjuster or the permit
of any service representative, supervising or managing general
agent, or claims investigator, and it shall suspend or revoke
the eligibility to hold a license or permit of any such
person, if it finds that as to the applicant, licensee, or
permittee any one or more of the following applicable grounds
exist:

(14) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state which
involves moral turpitude, without regard to whether a judgment
of conviction has been entered by the court having jurisdiction of such cases.

Section 12. Subsection (8) of section 626.621, Florida Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it may suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 626.611:

(8) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 13. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, is amended, and paragraph (g) is added to said subsection, to read:

626.731 Qualifications for general lines agent's license.--

CODING: Words stricken are deletions; words underlined are additions.
(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 is 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 year's 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. 626.732 who is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(g) That the applicant has passed any required examination for license required under s. 626.221.

Section 14. Subsections (1) and (3) of section 626.732, Florida Statutes, are amended to read:

626.732 Requirement as to knowledge, experience, or instruction.--

(1) Except as provided in subsection (3), no applicant for a license as a general lines agent, other than as to a
limited license as to baggage insurance, shall be qualified
therefor or be so licensed unless within the 4 years
immediately preceding the date his application for license is
filed with the department, he has:

(a) Taught or successfully completed classroom courses
in insurance satisfactory to the department at a school,
college, or extension division thereof, approved by the
department;

(b) Completed a correspondence course in insurance
satisfactory to the department and regularly offered by
accredited institutions of higher learning in this state and,
except if he is applying for a limited license under s.
626.321, has had at least 6 months of responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer-or-its-managers-general-agents-or
representatives in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer-or-its-managers-managing-general-agents,
or-representatives in all lines of property and casualty
insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In-the-case-of-en-applicant-for-license-who-is
enrolled-in-and-actively-pursuing-classroom-courses-as
referred-to-in-paragraph-(a) or a correspondence-course-as
specified-in-paragraph-(b), the department may in its
discretion permit the applicant to file his application for
301-1868-88

license-not-earlier-than-60-days-prior-to-the-completion-of
such-courses-and-of-the-6-months-of-insurance-employment-and
experience-as-referred-to-in-paragraph-1-in-order-that
the-completion-of-the-courses-and-of-such-insurance-employment
and-experience-may-run-concurrently-with-the-60-day-waiting
period-required-under-st-626.735-2-for-eligibility-for
examination? An individual who was or became qualified to sit
for an agent's or adjuster's examination at or during the time
he was employed by the department and who while so employed
was employed in responsible insurance duties as a full-time
bona fide employee shall be permitted to take an examination
if application for such examination is made within 90 days
after the date of termination of his employment with the
department.

Section 15. Subsections (2) and (3) of section
626.735, Florida Statutes, are amended, and subsection (8) is
added to said section, to read:

626.735 Qualifications for solicitor's license.—The
department shall not grant or issue a license as solicitor as
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
the license it affirmatively appears:

(2) That the applicant is a bona fide resident of this
state and will actually reside in the state at least 6 months
out of the year. An individual who is a bona fide resident of
this state shall be deemed to meet the residence requirement
of this subsection, notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee of the other
state, if the applicant furnishes a letter of clearance

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satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing.

(3) That within the 2 years next preceding the date
the application for license was filed with the department, the
applicant has completed a course in insurance approved by the
department or has had at least 6 months' experience in
responsible insurance duties as the substantially full-time
employee of an agent or of an insurer, its managers, managing
general agents, or representatives.

(8) That the applicant has passed any required
examination for license required under s. 626.221.

Section 16. Paragraph (g) of subsection (1) of section
626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence
of agent.—

(1) The department may, in its discretion, issue a
temporary license as agent to a licensed agent's employee,
family member, business associate, or personal representative,
or to the representative of a direct writing insurer of which
the agent was the licensed agent in the area served by the
agency, for the purpose of continuing or winding up the
business affairs of the agent or agency, all subject to the
following conditions:

(g) The holder of a temporary license may be granted a
regular agent's license upon taking and successfully
completing a classroom course or correspondence course in
insurance or having the insurance employment experience as
prescribed in s. 626.732 and passing an examination as
required by s. 626.221—but-the-department-may-waive-the
Section 17. Subsection (2) of section 626.740, Florida Statutes, is amended to read:

626.740 Temporary limited license as industrial fire agent; pending examination.--

(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 18. Subsection (2) of section 626.785, Florida Statutes, is amended to read:

626.785 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department requires proof satisfactory to the department that the applicant has made written request for the cancellation of such other licenses, either to the insurer-represented thereunder or to the proper officials of the other state.

Section 19. Subsection (2) of section 626.790, Florida Statutes, is amended to read:

626.790 Temporary license; pending examination.--
(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along-with the required filing fee.

Section 20. Subsection (2) of section 626.792, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.792 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a life insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a life insurance agent in such other state or province and either passed such a written examination or was the holder of a life insurance agent's license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida
license does not hold a resident license as life agent issued by the nonresident's state or province of Canada.

Section 21. Subsection (2) of section 626.831, Florida Statutes, is amended to read:

626.831 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other license, either to the insurer represented thereunder or to the proper official of the other state.

Section 22. Subsection (2) of section 626.835, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid

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license as a health insurance agent in such other state or
province and either has passed such a written examination or
was the holder of a health insurance agent’s license prior to
the time a written examination was required; and

(c) In such other state or province, a resident of
this state is privileged to procure a health insurance agent’s
license upon the foregoing conditions and without
discrimination as to fees or otherwise in favor of the
residents of such other state or province.

(5) The department shall not issue a nonresident
health insurance agent’s license to any nonresident who at the
time of issuance and throughout the existence of the Florida
license does not hold a resident license as health agent
issued by the nonresident’s state or province of Canada.

Section 23. Section 626.854, Florida Statutes, is
amended to read:

626.854 "Public adjuster" defined.--A "public
adjuster" is any person, except a duly licensed attorney at
law as hereinafter in s. 626.860 provided, who, for money,
commission, or any other thing of value, prepares, completes,
or files an insurance claim form for another person or who,
for money, commission, or any other thing of value, acts or
aids in any manner on behalf of an insured in negotiating for,
or effecting the settlement of, a claim or claims for loss or
damage covered by an insurance contract, or who advertises for
employment as an adjuster of such claims; and also includes
any person who, for money, commission or any other thing of
value, solicits, investigates, or adjusts such claims on
behalf of any such public adjuster. This definition does not
apply to a licensed health care provider or employee thereof.

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who prepares or files a health insurance claim form on behalf
of a patient.

Section 24. Subsection (2) of section 626.869, Florida
Statutes, is amended to read:

626.869 License, permit classes: adjusters, claims
investigators.--

(2) With the exception of a public adjuster limited to
health insurance, a limited license set forth in subsection
(1) as an independent or public adjuster may only be issued to
and retained by an employee of an independent or public
adjuster licensed in all lines of insurance other than life
and annuity. The office of the limited lines adjuster shall
be in the office of the licensed all-lines adjuster
responsible for his supervision and instruction.

Section 25. Section 626.88, Florida Statutes, is
amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator"
is any person who directly or indirectly solicits or effects
coverage of, collects charges or premiums from, or adjusts or
settles claims on residents of this state in connection with
authorized commercial self-insurance funds or with insured or
self-insured programs which provide life or health insurance
coverage or coverage of any other expenses described in s.
624.33(1), other than any of the following persons:

(a) An employer on behalf of such employer's employees
or the employees of one or more subsidiary or affiliated
corporations of such employer.

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to
transact insurance in this state or is acting as an insurer
with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance A-life-or-health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor’s debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements of ss. 624.438 and 624.439, or any governmental trust as defined in s. 624.33(3), and the trustees and employees acting pursuant to such trust, or a custodian, and its agents and employees, including individuals representing the trustees in overseeing the activities of a service company or administrator, acting pursuant to a custodial account which meets the requirements of s. 401(f) of the Internal Revenue Code.

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(j) A financial institution which is subject to supervision or examination by federal or state authorities or a mortgage lender licensed under chapter 494 who collects and remits premiums to licensed insurance agents or authorized insurers concurrently or in connection with mortgage loan payments.

(k) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized such collection, if such company does not adjust or settle claims.

(l) A person who adjusts or settles claims in the normal course of such person's practice or employment as an attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensation of the Department of Labor and Employment Security who administers only self-insured workers' compensation plans.

(n) A service company or service agent and its employees, authorized in accordance with ss. 626.895-626.899, serving only a single employer plan, multiple-employer welfare arrangements, or a combination thereof.

(2) For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 26. Subsection (6) is added to section 626.8805, Florida Statutes, to read:

626.8805 Certificate of authority to act as administrator.--
(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 27. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 28. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 29. Subsection (6) of section 626.943, Florida Statutes, is amended to read:

CODING: Words stricken are deletions; words underlined are additions.
626.943 Powers and duties of the department.--It is the function of the department to:

(6) Establish procedures for providing the Department of Health and Rehabilitative Services with periodic reports on persons certified licensed or disciplined by the department under this part.

Section 30. Subsection (3) of section 626.944, Florida Statutes, is amended to read:

626.944 Qualifications for health care risk managers.--

(3) The department shall issue a certificate, beginning on June 1, 1986, to practice health care risk management to any applicant who qualifies under this section and submits the certification license fee as set forth in § 624.501. Certificates shall be issued and canceled in the same manner as provided in part I of this chapter.

Section 31. Effective January 1, 1989, section 627.4085, Florida Statutes, is created to read:

627.4085 Insurer name required on application.--

(1) All applications for an insurance policy or annuity contract shall prominently display the name of the insuring entity on the first page of the application form at the time the coverage is bound or premium is quoted.

(2) This section does not apply to surplus lines business under the provisions of ss. 626.913-626.937.

Section 32. Effective January 1, 1989, paragraph (c) of subsection (1) of section 627.679, Florida Statutes, is amended to read:

627.679 Amount of insurance; disclosure.--

(1)
(c) Before any credit life insurance may be sold, the creditor agent or agent shall obtain a separate written acknowledgment with respect to each of the following:

1. That the borrower understands that he has the option of assigning any other policy or policies the borrower owns or may procure for the purpose of covering such loan and that the policy need not be purchased from the creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life coverage may be deferred if, at the time of application, the borrower is unable to engage in employment or unable to perform normal activities of a person of like age and sex, if the proposed credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits under the policy will terminate when the borrower reaches a certain age and that the borrower's age is accurately represented on the application or policy.

Section 33. Subsection (2) of section 627.9175, Florida Statutes, is hereby repealed.

Section 34. Effective upon becoming a law, subsection (1) of section 628.071, Florida Statutes, is amended to read:

628.071 Granting, denial of permit.--

(1) The department shall expeditiously examine and investigate the application for a permit as referred to in s.

628.051. If the department finds that:

(a) The application is complete;

(b) The documents therewith filed are in compliance with law;

(c) The proposed financial structure is adequate; and

CODING: Words strucken are deletions; words underlined are additions.
(d) All stockholders, organizers, incorporators, subscribers, and other persons who directly or indirectly exercise or have the ability to exercise effective control of the proposed insurer or who will be involved in management of the proposed insurer possess the financial standing and business experience to form an insurer and directors have sufficient insurance experience ability and standing to assure reasonable promise of successful operation;

it shall issue to the applicant a permit to form the proposed insurer.

Section 35. Section 631.031, Florida Statutes, is amended to read:

631.031 Commencement of delinquency proceeding.—The department may commence any such proceeding by application to the court for an order directing the insurer to show cause why the department should not have the relief prayed for. On the return of such order to show cause, and after a full hearing, the court shall either deny the application or grant the application, together with such other relief as the nature of the case and the interests of the policyholders, creditors, stockholders, members, subscribers, or public may require. The department may also commence any such proceeding by application to the court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation.

Section 36. Section 631.041, Florida Statutes, is amended to read:

631.041 Automatic stay; relief from stay;
injunctions.—

CODING: Words stricken are deletions; words underlined are additions.
(1) An application or petition under s. 631.031 operates as an automatic stay applicable to all persons and entities, other than the receiver, which shall be permanent and survive the entry of an order of conservation, rehabilitation, or liquidation, and which shall prohibit:

(a) The commencement or continuation of judicial, administrative, or other action or proceeding against the insurer or against its assets or any part thereof;

(b) The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

(c) Any act to obtain possession of property of the insurer;

(d) Any act to create, perfect, or enforce a lien against property of the insurer, except a secured claim as defined in s. 631.011(15);

(e) Any act to collect, assess, or recover a claim against the insurer, except claims as provided for under chapter 631;

(f) The setoff or offset of any debt owing to the insurer, except offsets as provided in s. 631.281.

(2) Upon written request of a person or entity subject to the stay against obtaining or enforcing a judgment against an insurer or affiliate provided in paragraph (1)(b) the court, with notice to the department and upon hearing, may grant relief from the stay provided the movant, who has the burden of proof, establishes by clear and convincing evidence that the judgment is not voidable or void by a receiver and that property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer.

CODING: Words strikes are deletions; words underlined are additions.
Upon application by the department pursuant to this part for an order to show cause or upon petition, or at any time thereafter, the court may without notice issue an injunction restraining the insurer and its officers, directors, stockholders, members, subscribers, and agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

The court may without notice at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the department or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments, or other liens, or the making of any levy against the insurer or against its assets or any part thereof.

Notwithstanding any other provision of law, no bond shall be required of the department as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

Section 37. Subsection (1) of section 631.271, Florida Statutes, is amended to read:

631.271 Priority of claims.—

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

CODING: Words stricken are deletions; words underlined are additions.
(a) Class 1.--
1. All of the receiver's costs and expenses of administration.
2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.--Debts due to employees for services performed, to the extent that such debts do not exceed $2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. Such priority is in lieu of any other similar priority which may be authorized by law as to wages or compensation of employees.

(c) Class 3.--All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to his employee may be treated as a gratuity.
(d) Class 4.--Claims of the Federal Government under nonassessable policies for unearned-premium-or-other-premium refunds and claims of general creditors.

(e) Class 5.--Claims under nonassessable policies for unearned premiums or premium refunds and claims of general creditors, of the Federal Government or any state or local government—Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f).

(f) Class 6.--Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f).

(g) Class 7.--Claims filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (h) or under paragraph (i). Surplus or contribution notes or similar obligations, and premium refunds on assessable policies—Payments to members of.
domestic-mutual-insurance-companies-shall-be-limited-in accordance-with-law:

(h) Class 8.--Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law. The claims of shareholders-or-other-owners:

(i) Class 9.--The claims of shareholders or other owners.

Section 38. Paragraph (a) of subsection (2) of section 631.281, Florida Statutes, is amended, and subsection (4) is added to said section, to read:

631.281 Offsets.--

(2) No offset shall be allowed in favor of any such person where:

(a) The obligation of the insurer to such person would not at the date of the entry of any liquidation order or otherwise, as provided in s. 631.251, entitle him to share as a claimant in the assets of the insurer. Any such obligation must be fully vested and mature as of the date of the order of liquidation and in no way contingent upon any future event or condition precedent to allow an offset.

(4) No claim of offset shall operate to create a secured claim.

Section 39. Section 631.392, Florida Statutes, is created to read:

631.392 Immunity.--There shall be no liability on the part of, and no cause of action of any nature shall arise against, the Insurance Commissioner or the department or its employees or agents for any action taken by them in the performance of their powers and duties under this chapter.

CODING: Words strucken are deletions; words underlined are additions.
Section 40. Effective upon becoming a law, section 632.629, Florida Statutes, is amended to read:

632.629 Annual license.--

(1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.

(2) A license issued or renewed under this chapter shall continue in force as long as the society is entitled thereto under this chapter and until suspended or revoked by the department or terminated at the request of the society, provided:

(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(3); and

(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

(3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

(4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement, in the amount provided in s. 624.501(1)(b).

Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1 next succeeding June 24, 1986—The authority of such societies and

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All societies hereafter licensed may thereafter be renewed annually but in all cases such authority shall terminate on the succeeding June 30. However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused; the society shall pay the department the annual license tax provided for in section 624.581(3) for each such license or renewal.

A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Section 41. Subsections (6), (7), (8), (9), (10), and (11) of section 632.638, Florida Statutes, are renumbered as subsections (8), (9), (10), (11), (12), and (13), respectively, and new subsections (6) and (7) are added to said section to read:

632.638 Applicability of other code provisions.--In addition to the provisions heretofore contained or referred to in this chapter, other chapters and provisions of this code shall apply to fraternal benefit societies, to the extent applicable and not in conflict with the express provisions of

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this chapter and the reasonable implications thereof, as
follows:

   (6) Part III of chapter 626;
   (7) Part IV of chapter 626;

Section 42. Subsection (11) is added to section
634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or
revocation of registration of salesmen.--The department shall
deny, suspend, revoke, or refuse to renew or continue the
registration of any such salesman if it finds that as to the
salesman any one or more of the following applicable grounds
exist:

   (11) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or any state thereof or under the law of any
other country which involves moral turpitude, without regard
to whether a judgment of conviction has been entered by the
court having jurisdiction of such cases.

Section 43. Subsection (6) of section 634.191, Florida
Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension,
revocation of registration of salesmen.--The department may,
in its discretion, deny, suspend, revoke, or refuse to renew
or continue the registration of any salesman if it finds that
as to the salesman any one or more of the following applicable
grounds exist under circumstances for which such denial,
suspension, revocation, or refusal is not mandatory under s.
634.181:

   (6) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 44. Subsection (11) of section 634.320, Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, in this state or any other state, without regard to whether judgment of conviction has been entered by the court.

Section 45. Subsection (6) of section 634.321, Florida Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found, after notice and hearing thereon as provided in s. 634.322, that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.320:

CODING: Words stricken are deletions; words underlined are additions.
(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court.

Section 46. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 47. Subsection (6) of section 634.423, Florida Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist under circumstances for

CODING: Words stricken are deletions; words underlined are additions.
which such denial, suspension, revocation, or refusal is not mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, in this state or any other state, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 48. Subsection (5) of section 637.415, Florida Statutes, is amended to read:

637.415 Regulation of employees or representatives of dental service plan corporations.--

(5) The grounds and procedures for refusal, suspension, or revocation of a license issued to any employee or representative of a dental service plan corporation shall be as set forth in ss. 626.611-626.691 and the duration of any suspension or revocation shall be as set forth in ss. 626.611-626.691.

Section 49. Subsection (11) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or revocation of registration of contracting sales representatives.--The department shall, pursuant to the insurance code, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative or the license of any general lines agent or solicitor if it finds that, as to the sales representative, general lines agent, or solicitor, any one or more of the following applicable grounds exist:

CODING: Words stricken are deletions; words underlined are additions.
Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 50. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 51. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.—After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or
(2) A period of 24 months transpires between the time the licensee's last limited surety agent or professional bondsman's license is terminated and the date an application for a similar license is received by the department in Tallahassee.

Section 52. Paragraphs (b) and (d) of subsection (2) of section 648.34, Florida Statutes, are amended, paragraph (g) is added to said subsection, and subsection (3) of said section is amended, to read:

648.34 Bail bondsmen; qualifications.--

(2) To qualify as a bail bondsman, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of the state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(d) The applicant has successfully completed a basic certification course in the criminal justice system, consisting of not less than 80 hours, approved by the board and has successfully completed, within 2 years of the date of his application, a correspondence course for bail bondsmen approved by the board.

(g) The applicant has passed any required examination.
(3) A fee of $\frac{1}{4}$ shall be submitted to the department with each application—in addition to the $9$ fee. The department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner’s Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 53. Paragraph (b) of subsection (2) and subsection (3) of section 648.37, Florida Statutes, are amended to read:

648.37 Runners; qualifications.--

(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee

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shall be deposited to the credit of the Insurance
Commissioner's Regulatory Trust Fund. Any information so
furnished shall be absolutely privileged and shall not be
admissible or used as evidence in any action against the
reporting service or other person furnishing the same.

Section 54. Section 648.38, Florida Statutes, is
amended to read:

648.38 Examination; time; place; fee; scope.--

(1)(a) If upon the basis of the completed application
for examination and such further inquiry or investigation as
the department may make concerning the fitness and
qualifications of the applicant, the department is satisfied
that, subject to any examination required to be taken and
passed by the applicant for a license, the applicant is
qualified to take the examination applied for and that all
pertinent taxes and fees have been paid, it shall approve the
application.

(b) If upon the basis of the completed application for
examination and such further inquiry or investigation as to
the fitness and qualifications of the applicant, the
department deems the applicant to be unfit or lacking in any
one or more of the required qualifications as specified in s.
648.34 as to limited surety agents, and ss. 648.34 and 648.35
as to professional bondsmen, the department shall disapprove
the application.

(c) At the time of filing his application for
examination, each applicant shall pay to the department or a
person designated by the department a fee for filing the
application for the examination. To provide the applicant
with options such as electronic examinations, a fee to cover
the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant shall be required to appear in person at a place hereinafter designated to take a written examination prepared by the department, or by a person designated by the department for that purpose, and approved by the board, testing his ability and qualifications to be a bail bondsman. The board shall determine the minimum performance level required for passage of the examination in order to ensure that the applicant has an adequate level of competence and knowledge of the duties and responsibilities of a bail bondsman.

(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice. Notice shall be deemed given when so mailed.

(4) Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant and he shall be...
entitled-to-notice-of-the-time-and-place-not-less-than-15-days
prior-to-taking-the-examination.

(4) A fee of $10 shall be submitted to the department
with each application; such fee to be deposited to the credit
of the insurance commissioner's Regulatory Trust Fund. The
fee for filing an application for examination shall not be
subject to refund.

(5) The failure of the applicant to secure approval of
the department shall not preclude him from applying as many
times as he desires, but no application will be considered by
the department within 60 days subsequent to the date upon
which the department denied the last application.

(6) The failure of an applicant to pass an
examination, after having been approved by the department to
take the examination, does not preclude him from taking
subsequent examinations. A separate and additional
application and fee for filing an application for examination
shall be filed with the department for each subsequent
examination; provided, however, that at least 30 days must
intervene between examinations.

(7) The $10 fee for filing an application for examination
shall apply to each examination, but once an applicant has
been approved by the department he will not have to file
another application as set forth in ss. 648.34 and 648.35
unless specifically so ordered by the department. Any bail
bondsman who successfully passes an examination must be
licensed within 24 months from date of examination or be
subject to another examination unless failure to be so
licensed was due to military service, in which event the
period within which another examination is not required may,
in the department's discretion, be extended to 12 months.

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following the date of discharge from military service, if the military service does not exceed 3 years, but in no event to extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as the bail bond business.

Section 55. Subsection (1) of section 648.39, Florida Statutes, is amended to read:

648.39 Notice of appointment of agents; termination.--

(1) Each insurer shall biennially, prior to March September 1 of each odd-numbered year, file with the department an alphabetical list of all agents appointed pursuant to this chapter, giving the type and class of license, name, and address of each licensee whose appointment and license in this state is being renewed or is to be continued in effect, accompanied by payment of the applicable renewal or continuation fees and taxes. Each such insurer which shall, subsequent to the filing of this list, expect to appoint an agent pursuant to this chapter in this state shall give notice thereof to the department along with a written application for license for such agent. All such appointments shall be subject to the issuance of licenses pursuant to this chapter to such agents.

Section 56. Sections 626.881 and 626.8811, Florida Statutes, are hereby repealed.

Section 57. Section 626.552, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 58. Section 626.8809, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.
Section 59. Section 627.4085, Florida Statutes, is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 60. Section 631.392, Florida Statutes, is repealed October 1, 1991, and shall be reviewed by the Legislature prior to that date pursuant to s. 11.61, Florida Statutes.

Section 61. Each section which is added to chapter 648, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 62. Except as otherwise provided herein, this act shall take effect October 1, 1988.

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR CS/CS/SB 368

With regard to 1) the granting or continuance of an insurance certificate of authority and 2) the issuance of a permit to form an insurer, the criteria of "appropriate character, experience, motive, and financial standing" are deleted and replaced with "financial standing and business experience".

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Florida House of Representatives - 1988
HB 1553
By the Committee on Insurance and Representatives Simon, Wise, Bainter

A bill to be entitled
An act relating to insurance; amending s.
624.34, F.S., providing for the authority of
the Department of Law Enforcement to accept
fingerprints of any entity which is examined or
investigated under the Florida Insurance Code;
amending s. 624.404, F.S., relating to the
general eligibility of insurers for a
certificate of authority; providing criteria;
amending s. 624.501, F.S., providing fees for
registration certificates with respect to
certain military installations; amending s.
626.221, F.S., increasing the time period for
an exemption from examination for certain
applicants; amending s. 626.231, F.S.,
providing for eligibility to take an
examination for license; amending s. 626.251,
F.S., deleting a time period with respect to
notice of examination date; amending s.
626.281, F.S., providing for reexaminations;
amending s. 626.511, F.S., eliminating an
exemption to a requirement that described
persons file a statement with the Department of
Insurance describing the reason for the
termination of an agent's appointment and
license; amending s. 626.521, F.S., providing
for required character and credit reports;
creating s. 626.552, F.S., providing for
reporting by insurers and supervising or
managing general agents; amending ss. 626.611,
626.621, 634.181, 634.191, 634.320, 634.321,

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634.422, 634.423, 642.041, and 642.043, F.S., providing uniform language with respect to discipline or license refusal, suspension, or revocation for persons having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more; amending s. 626.731, F.S., revising criteria for qualifications for a general lines agent's license; amending s. 626.732, F.S., revising language with respect to required knowledge, experience, or instruction for license as a general lines agent; amending s. 626.735, F.S., revising language with respect to qualifications for a solicitor's license; amending s. 626.739, F.S., revising language with respect to a temporary license; amending s. 626.740, F.S., revising language with respect to temporary limited licenses for industrial fire agents; amending s. 626.785, F.S., relating to license qualifications; amending s. 626.790, F.S., revising language with respect to temporary licenses; amending s. 626.792, F.S., prohibiting the Department of Insurance from issuing a life insurance agent's license to certain nonresidents; amending s. 626.831, F.S., revising language with respect to license qualifications; amending s. 626.835, F.S., prohibiting the department from issuing a health insurance agent's license to certain nonresidents; amending s. 626.854, F.S.,

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redefining the term "public adjuster"; amending s 626.869, F.S., revising criteria for the issuance of a limited license as an independent or public adjuster; amending s. 626.88, F.S., revising the definition of the terms "administrator" and "insurer"; amending s 626.8805, F.S., providing criteria for certificates of authority; creating s. 626.8809, F.S., providing for a fidelity bond; amending s. 626.891, F.S., relating to grounds for suspension or revocation of certificate of authority; amending s. 626.943, F.S., relating to powers and duties of the department; amending s 626.944, F.S., relating to qualifications for health care risk managers; creating s. 627.4085, F.S., requiring the name of the insurer on certain applications; amending s. 627.679, F.S., providing for required disclosure with respect to credit life insurance; repealing s 627 9175(2), F.S., relating to the publication of health insurance loss ratios; amending s. 628.071, F.S., relating to the grant or denial of a permit, to include certain criteria; amending s. 631.031, F.S., providing for discretionary commencement of delinquency proceedings; allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order; amending s. 631.041, F.S., providing for an automatic stay; prohibiting certain actions upon commencement

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of a delinquency proceeding; allowing relief from the stay under certain circumstances; providing authority to issue injunctions or orders without notice; amending s. 631.271, F.S.; revising priority with respect to distribution of claims from the insurer's estate; amending s. 631.281, F.S.; providing that a claim of offset must be fully mature as of the filing of liquidation orders; creating s. 631.392, F.S.; providing for immunity for the department and its agents and employees, including the Insurance Commissioner, in carrying out responsibilities and duties under ch. 631, F.S.; amending s. 632.629, F.S., relating to annual licenses for certain societies authorized to transact business; amending s. 632.638, F.S., relating to the applicability of the Insurance Code; amending s. 637.415, F.S., relating to the regulation of employees or representatives of dental service plan corporations; creating s. 648.315, F.S., providing for the number of applications required for licensure as bail bondsmen; amending s. 648.34, F.S., revising criteria for qualifications of bail bondsmen; amending s. 648.37, F.S., revising criteria for qualifications of runners; amending s. 648.38, F.S., revising language with respect to examination as a bail bondsman; amending s. 648.39, F.S., relating to notice of appointment of agents; repealing s. 626.881, F.S., relating

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to the deposit of securities and surety bonds;
repealing s. 626.8811, F.S., relating to a
prohibition upon a levy upon deposit of certain
assets or securities; providing for review and
repeal; providing an effective date.

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

Section 1. Effective upon becoming a law, paragraph
(b) of subsection (1) of section 624.34, Florida Statutes, is
amended to read:

624.34 Authority of Department of Law Enforcement to
accept fingerprints of, and exchange criminal history records
with respect to, certain persons.--

(1) The Department of Law Enforcement may accept
fingerprints of organizers, incorporators, subscribers,
officers, stockholders, directors, or any other persons
involved, directly or indirectly, in the organization,
operation, or management of:

(b) Any other entity which is examined or investigated
or which is eligible to be examined or investigated under the
provisions of the Florida Insurance Code this part.

Section 2. Effective upon becoming a law, subsection
(3) of section 624.404, Florida Statutes, is amended 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

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same general type as may be formed as a domestic insurer under this code; except that:

(3)(a) The department shall not grant or continue authority to transact insurance in this state as to any insurer the management, officers, or directors of which are found by it to be incompetent or untrustworthy, or so lacking in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public, or so lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation, or which it has good reason to believe are affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

(b) The department shall not grant or continue authority to transact insurance in this state as to any insurer if any person, including any subscriber, stockholder, or incorporator exercising or having the ability to exercise effective control of the insurer or influencing or having the ability to influence the transaction of business of the insurer does not possess the financial standing and business experience for the successful operation of the insurer.

Section 3. Subsection (23) is added to section 624.501, Florida Statutes, to read:

624.501 Filing, license, and miscellaneous fees.--The department shall collect in advance, and persons so served

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shall pay to it in advance, fees, licenses, and miscellaneous charges as follows:

(23) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee $20.00
(b) Biennial renewal or continuation of certificate of registration, registration fee $20.00

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.--

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years 30-days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 5. Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination; waiting period; general-lines-agents-and-solicitors.--

+++ No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.
An applicant for license as a general lines agent or solicitor whose application has been approved shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the offices of the department at Tallahassee except that, if the applicant for license as a general lines agent is currently licensed as a solicitor, he shall be eligible for the examination for an agent's license upon approval of his application therefor by the department and shall not be subject to the 60-day waiting period:

Such 60-day waiting period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general lines agents. The applicant may file his application for license while such schooling or experience is in progress or while such residence requirement is being completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626.251 Time and place of examination; notice.--

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice, not less than 15 days in advance of the examination date. Notice shall be deemed given when so mailed.

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Section 7. Subsection (1) of section 626.281, Florida
Statutes, is amended to read:

626.281 Reexamination.--

(1) Any applicant for license who has either:
(a) Taken an examination and failed to make a passing
grade, or
(b) Failed to appear for the examination or to take or
complete the examination at the time and place specified in
the notice of the department,

may, after the expiration of 30 days from the date of the
previous such examination either taken or scheduled, upon
filing of another application for examination payment-of-an
additional-examination-application-filing-fee-for-a-second
examination take another a-second examination-based-upon-the
same-application-for-license. The failure of an applicant to
pass an examination, or the failure to appear for the
examination or to take or complete the examination, does not
preclude the applicant from taking subsequent examinations. A
separate and additional application for examination, together
with applicable fees, shall be filed with the department or a
person designated by the department for each subsequent
examination, if the applicant fails to pass such second
examination, he shall not be eligible for or be permitted to
take another examination for the same type or class of license
except pursuant to a new application for license and payment
of new license fees and an additional application filing fees as
required for an initial application for license, and no such
application for a license shall be received on file or
considered by the department until after the expiration of 30
days after the date of denial of the license. Except that, as

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to health insurance, an applicant who has failed the first
examination shall be allowed to take a second examination upon
payment of an additional examination application filing fee;
and, if such applicant fails the second examination, he shall
be required to wait for a period of 30 days before again
applying for license.

Section 8. Subsection (1) of section 626.511, Florida
Statutes, is amended to read:

626.511 Reasons for termination; privileged
information.--

(1) Any insurer terminating the appointment and
license of an agent; any general lines agent terminating the
appointment and license of a solicitor or a crop hail or
multiple-peril crop insurance agent; and any employer
terminating the employment, license, or permit of an adjuster,
service representative, supervising or managing general agent,
or claims investigator, whether such termination is by direct
action of the appointing insurer, agent, or employer or by
failure to renew or continue the appointment and license as
provided, shall file with the department a statement of the
reasons, if any, for, and the facts relative to, such
termination, unless the termination is for a license other
than a primary license of a life agent and is for the sole
reason that the life agent's primary license was terminated by
the appointing insurer or the agent to whom it was issued. In
the case of termination of the appointment of an agent, such
information may be filed by the insurer or by the general
agent of the insurer.

Section 9. Subsections (1) and (3) of section 626.521,
Florida Statutes, are amended to read:

626.521 Character, credit reports.--

CODING: Words stricken are deletions; words underlined are additions
(1) As to each applicant who for the first time in
this state is applying and qualifying for a license as agent,
solicitor, or adjuster, or for a permit as service
representative, supervising or managing general agent, or
claims investigator, the appointing insurer or its manager or
general agent in this state, in the case of agents, or the
appointing general lines agent, in the case of solicitors, or
the employer, in the case of service representatives and
claims investigators and of adjusters who are not to be self-
employed, shall coincidentally with such appointment or
employment secure and thereafter keep on file a full detailed
credit and or character report, made by an established and
reputable independent credit reporting service, relative to
the individual so appointed or employed, except that a life
insurer may use its own reporting service for the making of
such a report, unless otherwise expressly requested by the
department.

(3) As to an applicant for an adjuster's license who
is to be self-employed, the department shall secure, at the
cost of the applicant, a full detailed credit and or character
report, made by an established and reputable independent
credit reporting service relative to the applicant.

Section 10. Effective July 1, 1988, section 626.552,
Florida Statutes, is created to read:

626.552 Reporting by insurers of insurance agencies
and supervising or managing general agents. --

(1) By October 1, 1988, all insurers and supervising
or managing general agents shall file with the department, on
forms furnished by the department, the names and addresses of
all supervising or managing general agents as defined in s.
626.091 and insurance agencies as defined in s. 626.094 with

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which the insurer or supervising or managing general agent has
a contract to solicit or service insurance on its behalf.

Such information shall be updated by the insurers and
supervising or managing general agents on or before October 1
of each year.

(2) The information required under this section may
only be used by the department for the purpose of distributing
bulletins, brochures, or other material which the department
deems necessary for the information of licensed agents and
solicitors.

Section 11. Subsection (14) of section 626.611,
Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or
revocation of agent's, solicitor's, or adjuster's license or
service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department
shall deny, suspend, revoke, or refuse to renew or continue
the license of any agent, solicitor, or adjuster or the permit
of any service representative, supervising or managing general
agent, or claims investigator, and it shall suspend or revoke;
the eligibility to hold a license or permit of any such
person, if it finds that as to the applicant, licensee, or
permittee any one or more of the following applicable grounds
exist:

(14) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in-this-state-or-any-other-state which
involves moral turpitude, without regard to whether a judgment

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of conviction has been entered by the court having jurisdiction of such cases.

Section 12. Subsection (8) of section 626.621, Florida Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it may suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s 626.611:

(8) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 13. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, is amended, and paragraph (g) is added to said subsection, to read:

626.731 Qualifications for general lines agent's license.--

CODING: Words struck are deletions; words underlined are additions.
1. (1) The department shall not grant or issue a license
2. as general lines agent to any individual found by it to be
3. untrustworthy or incompetent or who does not meet each and all
4. of the following qualifications, and unless from the
5. application for license it affirmatively appears:
6. (b) That the applicant is has been a bona fide
7. resident of this state for at least 1-year last past, except
8. that the department, in its discretion, may waive the
9. requirement for 1-year's residency in this state if the
10. applicant is an employee of an insurer or an agency and is
11. under-the-supervision-of-a-currently-licensed-general-lines
12. agent. The 1-year-residency requirement of this subsection
13. does not apply to an applicant for a limited-license under S
14. 626.321 1 or (g) who is a bona fide resident of this
15. state. An individual who is a bona fide resident of this
16. state shall be deemed to meet the residence requirement of
17. this paragraph, notwithstanding the existence, at the time of
18. application for license, of a license in his name on the
19. records of another state as a resident licensee of such other
20. state, if the applicant furnishes a letter of clearance
21. satisfactory to the department that his resident licenses have
22. been canceled or changed to a nonresident basis and that he is
23. in good standing.
24. (g) That the applicant has passed any required
25. examination for license required under s 626.221.
26. Section 14. Subsections (1) and (3) of section
27. 626.732, Florida Statutes, are amended to read:
28. 626.732 Requirement as to knowledge, experience, or
29. instruction.--
30. (1) Except as provided in subsection (3), no applicant
31. for a license as a general lines agent, other than as to a

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limited license as to baggage insurance, shall be qualified
therefor or be so licensed unless within the 4 years
immediately preceding the date his application for license is
filed with the department, he has:

(a) Taught or successfully completed classroom courses
in insurance satisfactory to the department at a school,
college, or extension division thereof, approved by the
department;

(b) Completed a correspondence course in insurance
satisfactory to the department and regularly offered by
accredited institutions of higher learning in this state and,
except if he is applying for a limited license under s.
626.321, has had at least 6 months of responsible insurance
duties as a substantially full-time bona fide employee of-an
agent-or-of-an-insurer,-its-managers,-general-agents,-or
representatives, in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of-an
agent-or-of-an-insurer,-its-managers,-managing-general-agents,-or
representatives, in all lines of property and casualty
insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In-the-case-of-an-applicant-for-license-who-is
enrolled-in-and-active-in-pursuing-classroom-courses-as
referred-to-in-paragraph-(a) or a correspondence-course-as
specified-in-paragraph-(b), the department may in its
discretion permit the applicant to file his application for

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license not earlier than 60 days prior to the completion of such courses and of the 6 months of insurance employment and experience as referred to in paragraph (b) in order that the completion of the courses and of such insurance employment and experience may run concurrently with the 60-day waiting period required under s. 626.735 for eligibility for examination. An individual who was or became qualified to sit for an agent's or adjuster's examination at or during the time he was employed by the department and who while so employed was employed in responsible insurance duties as a full-time bona fide employee shall be permitted to take an examination if application for such examination is made within 90 days after the date of termination of his employment with the department.

Section 15. Subsections (2) and (3) of section 626.735, Florida Statutes, are amended, and subsection (8) is added to said section, to read:

626.735 Qualifications for solicitor's license.—The department shall not grant or issue a license as solicitor as 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 the license it affirmatively appears:

(2) That the applicant is a bona fide resident of this state and will actually reside in the state at least 6 months out of the year. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this subsection, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance

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satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as a the substantially full-time employee of-an-agent-or-of-an-insurer,-its-managers,-managing general-agents,-or-representatives.

(8) That the applicant has passed any required examination for license required under s. 626.221.

Section 16. Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence of agent.--

(1) The department may, in its discretion, issue a temporary license as agent to a licensed agent's employee, family member, business associate, or personal representative, or to the representative of a direct writing insurer of which the agent was the licensed agent in the area served by the agency, for the purpose of continuing or winding up the business affairs of the agent or agency, all subject to the following conditions:

(g) The holder of a temporary license may be granted a regular agent's license upon taking and successfully completing a classroom course or correspondence course in insurance or having the insurance employment experience as prescribed in s. 626.732 and passing an examination as required by s. 626.221 but-the-department-may-waive-the

CODING: Words struck out are deletions; words underlined are additions.
Section 17. Subsection (2) of section 626.740, Florida Statutes, is amended to read:

626.740 Temporary limited license as industrial fire agent; pending examination.--

(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 18. Subsection (2) of section 626.785, Florida Statutes, is amended to read:

626.785 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other license, either to the insurer represented thereunder or to the proper official of the other state.

Section 19. Subsection (2) of section 626.790, Florida Statutes, is amended to read:

626.790 Temporary license; pending examination.--
(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 20. Subsection (2) of section 626.792, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.792 Nonresident agents.--
(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:
(a) A written examination is required of an applicant for a life insurance agent's license in such other state or province;
(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a life insurance agent in such other state or province and either passed such a written examination or was the holder of a life insurance agent's license prior to the time a written examination was required, and
(c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida
license does not hold a resident license as life agent issued by the nonresident's state or province of Canada.

Section 21. Subsection (2) of section 626.831, Florida Statutes, is amended to read:

626.831 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other license, either to the insurer represented thereunder or to the proper official of the other state.

Section 22. Subsection (2) of section 626.835, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid

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license as a health insurance agent in such other state or
province and either has passed such a written examination or
was the holder of a health insurance agent's license prior to
the time a written examination was required; and
(c) In such other state or province, a resident of
this state is privileged to procure a health insurance agent's
license upon the foregoing conditions and without
discrimination as to fees or otherwise in favor of the
residents of such other state or province.

(5) The department shall not issue a nonresident
health insurance agent's license to any nonresident who at the
time of issuance and throughout the existence of the Florida
license does not hold a resident license as health agent
issued by the nonresident's state or province of Canada.

Section 23. Section 626.854, Florida Statutes, is
amended to read:

626.854 "Public adjuster" defined.--A "public
adjuster" is any person, except a duly licensed attorney at
law as hereinafter in s. 626.860 provided, who, for money,
commission, or any other thing of value, prepares, completes,
or files an insurance claim form for another person or who,
for money, commission, or any other thing of value, acts or
aids in any manner on behalf of an insured in negotiating for,
or effecting the settlement of, a claim or claims for loss or
damage covered by an insurance contract, or who advertises for
employment as an adjuster of such claims; and also includes
any person who, for money, commission or any other thing of
value, solicits, investigates, or adjusts such claims on
behalf of any such public adjuster. This definition does not
apply to a licensed health care provider or employee thereof.

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who prepares or files a health insurance claim form on behalf
of a patient.

Section 24. Subsection (2) of section 626.869, Florida
Statutes, is amended to read:

626.869 License, permit classes; adjusters, claims
investigators.--

(2) With the exception of a public adjuster limited to
health insurance, a limited license set forth in subsection
(1) as an independent or public adjuster may only be issued to
and retained by an employee of an independent or public
adjuster licensed in all lines of insurance other than life
and annuity. The office of the limited lines adjuster shall
be in the office of the licensed all-lines adjuster
responsible for his supervision and instruction.

Section 25. Section 626.88, Florida Statutes, is
amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator"
is any person who directly or indirectly solicits or effects
coverage of, collects charges or premiums from, or adjusts or
settles claims on residents of this state in connection with
authorized commercial self-insurance funds or with insured or
self-insured programs which provide life or health insurance
coverage or coverage of any other expenses described in s.
624.33(1), other than any of the following persons:
(a) An employer on behalf of such employer's employees
or the employees of one or more subsidiary or affiliated
corporations of such employer.
(b) A union on behalf of its members.
(c) An insurance company which is either authorized to
transact insurance in this state or is acting as an insurer

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with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance life-or-health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements of ss. 624.438 and 624.439, or any governmental trust as defined in s. 624.33(3), and the trustees and employees acting pursuant to such trust, or a custodian, and its agents and employees, including individuals representing the trustees in overseeing the activities of a service company or administrator, acting pursuant to a custodial account which meets the requirements of s. 401(f) of the Internal Revenue Code.

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(j) A financial institution which is subject to supervision or examination by federal or state authorities or a mortgage lender licensed under chapter 494 who collects and remits premiums to licensed insurance agents or authorized insurers concurrently or in connection with mortgage loan payments.

(k) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized such collection, if such company does not adjust or settle claims.

(1) A person who adjusts or settles claims in the normal course of such person's practice or employment as an attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensation of the Department of Labor and Employment Security who administers only self-insured workers' compensation plans.

(n) A service company or service agent and its employees, authorized in accordance with ss. 626.895-626.899, serving only a single employer plan, multiple-employer welfare arrangements, or a combination thereof.

(2) For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 26. Subsection (6) is added to section 626.8805, Florida Statutes, to read:

626.8805 Certificate of authority to act as administrator.--

CODING. Words stricken are deletions; words underlined are additions.
(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 27. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 28. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 29. Subsection (6) of section 626.943, Florida Statutes, is amended to read:

CODING: Words stricken are deletions; words underlined are additions.
626.943 Powers and duties of the department.--It is the function of the department to:

(6) Establish procedures for providing the Department of Health and Rehabilitative Services with periodic reports on persons certified licensed or disciplined by the department under this part.

Section 30. Subsection (3) of section 626.944, Florida Statutes, is amended to read:

626.944 Qualifications for health care risk managers.--

(3) The department shall issue a certificate, beginning on June 1, 1986, to practice health care risk management to any applicant who qualifies under this section and submits the certification license fee as set forth in s. 624.501. Certificates shall be issued and canceled in the same manner as provided in part I of this chapter.

Section 31. Effective January 1, 1989, section 627.4085, Florida Statutes, is created to read:

627.4085 Insurer name required on application.--

(1) All applications for an insurance policy or annuity contract shall prominently display the name of the insuring entity on the first page of the application form at the time the coverage is bound or premium is quoted.

(2) This section does not apply to surplus lines business under the provisions of ss. 626.913-626.937.

Section 32. Effective January 1, 1989, paragraph (c) of subsection (1) of section 627.679, Florida Statutes, is amended to read:

627.679 Amount of insurance, disclosure.--

(1)
(c) Before any credit life insurance may be sold, the creditor agent or agent shall must obtain a separate written acknowledgment with respect to each of the following:

1. That the borrower understands that he has the option of assigning any other policy or policies the borrower owns or may procure for the purpose of covering such loan and that the policy need not be purchased from the creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life coverage may be deferred if, at the time of application, the borrower is unable to engage in employment or unable to perform normal activities of a person of like age and sex, if the proposed credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits under the policy will terminate when the borrower reaches a certain age and that the borrower's age is accurately represented on the application or policy.

Section 33. Subsection (2) of section 627.9175, Florida Statutes, is hereby repealed.

Section 34. Effective upon becoming a law, subsection (1) of section 628.071, Florida Statutes, is amended to read:

628.071 Granting, denial of permit.--

(1) The department shall expeditiously examine and investigate the application for a permit as referred to in s. 628.051. If the department finds that:

(a) The application is complete;

(b) The documents therewith filed are in compliance with law;

(c) The proposed financial structure is adequate; and
(d) All stockholders, organizers, incorporators, subscribers, and other persons who directly or indirectly exercise or have the ability to exercise effective control of the proposed insurer or who will be involved in management of the proposed insurer possess the financial standing and business experience to form an insurer. The proposed officers and directors have sufficient insurance experience, ability, and standing to assure reasonable promise of successful operation;

it shall issue to the applicant a permit to form the proposed insurer.

Section 35. Section 631.031, Florida Statutes, is amended to read:

631.031 Commencement of delinquency proceeding.--The department may commence any such proceeding by application to the court for an order directing the insurer to show cause why the department should not have the relief prayed for. On the return of such order to show cause, and after a full hearing, the court shall either deny the application or grant the application, together with such other relief as the nature of the case and the interests of the policyholders, creditors, stockholders, members, subscribers, or public may require. The department may also commence any such proceeding by application to the court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation.

Section 36. Section 631.041, Florida Statutes, is amended to read:

631.041 Automatic stay; relief from stay;

injunctions.--
(1) An application or petition under s. 631.031 operates as an automatic stay applicable to all persons and entities, other than the receiver, which shall be permanent and survive the entry of an order of conservation, rehabilitation, or liquidation, and which shall prohibit:

(a) The commencement or continuation of judicial, administrative, or other action or proceeding against the insurer or against its assets or any part thereof;

(b) The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

(c) Any act to obtain possession of property of the insurer;

(d) Any act to create, perfect, or enforce a lien against property of the insurer, except a secured claim as defined in s. 631.011(15);

(e) Any act to collect, assess, or recover a claim against the insurer, except claims as provided for under chapter 631;

(f) The setoff or offset of any debt owing to the insurer, except offsets as provided in s. 631.281.

(2) Upon written request of a person or entity subject to the stay against obtaining or enforcing a judgment against an insurer or affiliate provided in paragraph (1)(b) the court, with notice to the department and upon hearing, may grant relief from the stay provided the movant who has the burden of proof, establishes by clear and convincing evidence that the judgment is not voidable or void by a receiver and that property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer.

CODING: Words stricken are deletions; words underlined are additions.
Upon application by the department pursuant to this part for an order to show cause or upon petition, or at any time thereafter, the court may without notice issue an injunction restraining the insurer and its officers, directors, stockholders, members, subscribers, and agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

The court may without notice at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the department or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments, or other liens, or the making of any levy against the insurer or against its assets or any part thereof.

Notwithstanding any other provision of law, no bond shall be required of the department as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

Section 37. Subsection (1) of section 631.271, Florida Statutes, is amended to read:

631.271 Priority of claims.--

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

CODING: Words struck are deletions; words underlined are additions.
(a) Class 1.--

1. All of the receiver's costs and expenses of administration

2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.--Debts due to employees for services performed, to the extent that such debts do not exceed $2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. Such priority is in lieu of any other similar priority which may be authorized by law as to wages or compensation of employees.

(c) Class 3.--All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to his employee may be treated as a gratuity.
(d) Class 4.--Claims of the Federal Government under nonassessable policies for unearned premium or other premium refunds and claims of general creditors.

(e) Class 5.--Claims under nonassessable policies for unearned premiums or premium refunds and claims of general creditors of the Federal Government or any state or local government. Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f) filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (f) and under paragraph (g).

(f) Class 6.--Claims of any state or local government, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (g) filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (g) and under paragraph (h).

(g) Class 7.--Claims filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (h) and under paragraph (i) surplus-or contribution-notes, or similar obligations, and premium refunds on assessable policies.--Payments to members of...
domestic-mutual-insurance-companies-shall-be-limited-in

acordance-with-law-

(h) Class 8 --Surplus or contribution notes, or

similar obligations, and premium refunds on assessable

policies. Payments to members of domestic mutual insurance

companies shall be limited in accordance with law. The-claims

of-shareholders-or-other-owners:

(1) Class 9.--The claims of shareholders or other

owners.

Section 38. Paragraph (a) of subsection (2) of section

631.281, Florida Statutes, is amended, and subsection (4) is

added to said section, to read:

631.281 Offsets.--

(2) No offset shall be allowed in favor of any such

person where:

(a) The obligation of the insurer to such person would

not at the date of the entry of any liquidation order or

otherwise, as provided in s. 631.251, entitle him to share as

a claimant in the assets of the insurer. Any such obligation

must be fully vested and mature as of the date of the order of

liquidation and in no way contingent upon any future event or

condition precedent to allow an offset.

(4) No claim of offset shall operate to create a

secured claim.

Section 39. Effective upon becoming a law, section

631.392, Florida Statutes, is created to read:

631.392 Immunity.--There shall be no liability on the

part of, and no cause of action of any nature shall arise

against the Insurance Commissioner or the department or its

employees or agents for any action taken by them in the

performance of their powers and duties under this chapter.

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Section 40. Effective upon becoming a law, section 632.629, Florida Statutes, is amended to read:

632.629 Annual license.--

1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.

2) A license issued or renewed under this chapter shall continue in force as long as the society is entitled thereto under this chapter and until suspended or revoked by the department or terminated at the request of the society, provided:

(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(31); and

(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement, in the amount provided in s. 624.501(11)(b).

Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1 next succeeding June 24, 1986.--The authority of such societies and

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all-societies-hereafter-licensed-may-thereafter-be-renewed
annually, but in all cases such authority shall terminate on
the succeeding June 1. However, a license so issued shall
continue in full force and effect until the new license is
issued or specifically refused. The society shall pay the
department the annual license tax provided for in s.
624.58(3) for each such license or renewal. Societies which
are now authorized to transact business in this state may
continue such business until June 1 next succeeding June 24,
1986. The authority of such societies and all societies
hereafter licensed may thereafter be renewed annually, but in
all cases such authority shall terminate on the succeeding
June 1. However, a license so issued shall continue in full
force and effect until the new license is issued or
specifically refused. The society shall pay the department
the annual license tax provided for in s. 624.58(3) for each
such license or renewal.

(5) A duly certified copy or duplicate of such license
shall be prima facie evidence that the licensee is a fraternal
benefit society within the meaning of this chapter.
Section 41 Subsections (6), (7), (8), (9), (10), and
(11) of section 632.638, Florida Statutes, are renumbered as
subsections (8), (9), (10), (11), (12), and (13),
respectively, and new subsections (6) and (7) are added to
said section to read:

632.638 Applicability of other code provisions.--In
addition to the provisions heretofore contained or referred to
in this chapter, other chapters and provisions of this code
shall apply to fraternal benefit societies, to the extent
applicable and not in conflict with the express provisions of

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this chapter and the reasonable implications thereof, as follows:

(6) Part III of chapter 626;

(7) Part IV of chapter 626;

Section 42. Subsection (11) is added to section 634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or revocation of registration of salesmen.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any such salesman if it finds that as to the salesman any one or more of the following applicable grounds exist:

(11) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases

Section 43. Subsection (6) of section 634.191, Florida Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension, revocation of registration of salesmen.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any salesman if it finds that as to the salesman any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.181:

(6) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable

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by imprisonment of 1 year or more under the law of the United
States of America or any state thereof or under the law of any
other country, without regard to whether a judgment of
conviction has been entered by the court having jurisdiction
of such cases Conviction-of-a-felony

Section 44. Subsection (11) of section 634.320,
Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or
revocation of registration of sales representatives.--The
department shall deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist:

(11) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country involving moral turpitude,--in-this-state-or-any-other
state, without regard to whether judgment of conviction has
been entered by the court.

Section 45. Subsection (6) of section 634.321, Florida
Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension,
or revocation of registration of sales representatives.--The
department may, in its discretion, deny, suspend, revoke, or
refuse to renew or continue the registration of any sales
representative if it is found, after notice and hearing
thereon as provided in s. 634.322, that any one or more of the
following grounds applicable to the sales representative exist
under circumstances for which such denial, suspension,
revocation, or refusal is not mandatory under s. 634.320:

CODING: Words stricken are deletions; words underlined are additions.
(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, in-this-state-or-any-other-state, without regard to whether a judgment of conviction has been entered by the court.

Section 46. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, in-this-state-or-any-other-state, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 47. Subsection (6) of section 634.423, Florida Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist under circumstances for

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which such denial, suspension, revocation, or refusal is not
mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country, in this state or any other state, without regard to
whether judgment of conviction has been entered by the court
having jurisdiction of such case.

Section 48. Subsection (5) of section 637.415, Florida
Statutes, is amended to read:

637.415 Regulation of employees or representatives of
dental service plan corporations.--

(5) The grounds and procedures for refusal, suspension, or revocation of a license issued to any employee
or representative of a dental service plan corporation shall
be as set forth in ss. 626.611-626.691 and the
duration of any suspension or revocation shall be as set forth
in ss. 626.641.

Section 49. Subsection (11) of section 642.041,
Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or
revocation of registration of contracting sales
representatives -- The department shall, pursuant to the
insurance code, deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative or the
license of any general lines agent or solicitor if it finds
that, as to the sales representative, general lines agent, or
solicitor, any one or more of the following applicable grounds
exist:

CODING: Words struck are deletions; words underlined are additions
(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 50. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 51. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.--After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or

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A period of 24 months transpires between the time the licensee's last limited surety agent or professional bondsman's license is terminated and the date an application for a similar license is received by the department in Tallahassee.

Section 52. Paragraphs (b) and (d) of subsection (2) of section 648.34, Florida Statutes, are amended, paragraph (g) is added to said subsection, and subsection (3) of said section is amended, to read:

648 34 Bail bondsmen; qualifications. --

(2) To qualify as a bail bondsman, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of the state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(d) The applicant has successfully completed a basic certification course in the criminal justice system, consisting of not less than 80 hours, approved by the board and has successfully completed, within 2 years of the date of his application, a correspondence course for bail bondsmen approved by the board.

(g) The applicant has passed any required examination.
(3) A fee of $18 shall be submitted to the department with each application. In addition to the $18 fee, the department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner’s Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 53. Paragraph (b) of subsection (2) and subsection (3) of section 648.37, Florida Statutes, are amended to read:

648.37 Runners; qualifications.—
(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee

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shall be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 54. Section 648.38, Florida Statutes, is amended to read:

648.38 Examination; time; place; fee; scope.—
(1)(a) If upon the basis of the completed application for examination and such further inquiry or investigation as the department may make concerning the fitness and qualifications of the applicant, the department is satisfied that, subject to any examination required to be taken and passed by the applicant for a license, the applicant is qualified to take the examination applied for and that all pertinent taxes and fees have been paid, it shall approve the application.

(b) If upon the basis of the completed application for examination and such further inquiry or investigation as to the fitness and qualifications of the applicant, the department deems the applicant to be unfit or lacking in any one or more of the required qualifications as specified in s. 648.34 as to limited surety agents, and ss. 648.34 and 648.35 as to professional bondsmen, the department shall disapprove the application.

(c) At the time of filing his application for examination, each applicant shall pay to the department or a person designated by the department a fee for filing the application for the examination. To provide the applicant with options such as electronic examinations, a fee to cover
the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant shall be required to appear in person at a place hereinafter designated to take a written examination prepared by the department, or by a person designated by the department for that purpose, and approved by the board, testing his ability and qualifications to be a bail bondsman. The board shall determine the minimum performance level required for passage of the examination in order to ensure that the applicant has an adequate level of competence and knowledge of the duties and responsibilities of a bail bondsman.

(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice. Notice shall be deemed given when so mailed.

(4) Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant and he shall be

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entitled to notice of the time and place not less than 15 days prior to taking the examination.

(4) A fee of $8 shall be submitted to the department with each application, such fee to be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. The fee for filing an application for examination shall not be subject to refund.

(5) The failure of the applicant to secure approval of the department shall not preclude him from applying as many times as he desires, but no application will be considered by the department within 60 days subsequent to the date upon which the department denied the last application.

(6) The failure of an applicant to pass an examination, after having been approved by the department to take the examination, does not preclude him from taking subsequent examinations. A separate and additional application and fee for filing an application for examination shall be filed with the department for each subsequent examination; provided, however, that at least 30 days must intervene between examinations.

(7) The $8 fee for filing an application for examination shall apply to each examination, but once an applicant has been approved by the department he will not have to file another application as set forth in ss. 648.34 and 648.35 unless specifically so ordered by the department. Any bail bondsman who successfully passes an examination must be licensed within 24 months from date of examination or be subject to another examination unless failure to be so licensed was due to military service, in which event the period within which another examination is not required may, in the department's discretion, be extended to 12 months.

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following the date of discharge from military service, if the
military service does not exceed 3 years, but in no event to
extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as
the bail bond business.

Section 55. Subsection (1) of section 648.39, Florida
Statutes, is amended to read:

648.39 Notice of appointment of agents, termination --
(1) Each insurer shall biennially, prior to March
September 1 of each odd-numbered year, file with the
department an alphabetical list of all agents appointed
pursuant to this chapter, giving the type and class of
license, name, and address of each licensee whose appointment
and license in this state is being renewed or is to be
continued in effect, accompanied by payment of the applicable
renewal or continuation fees and taxes. Each such insurer
which shall, subsequent to the filing of this list, expect to
appoint an agent pursuant to this chapter in this state shall
give notice thereof to the department along with a written
application for license for such agent. All such appointments
shall be subject to the issuance of licenses pursuant to this
chapter to such agents.

Section 56. Sections 626.881 and 626.8811, Florida
Statutes, are hereby repealed.

Section 57. Section 626.552, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

Section 58. Section 626.8809, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

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Section 59. Section 627.4085, Florida Statutes, is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 60. Each section which is added to chapter 631, Florida Statutes, by this act is repealed on October 1, 1991, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 61. Each section which is added to chapter 648, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 62. Except as otherwise provided herein, this act shall take effect October 1, 1988.

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Revises state law governing insurance. Among other changes the act.
1. Authorizes the Department of Law Enforcement to accept fingerprints of any person involved in any organization which is examined or investigated under the provisions of the Florida Insurance Code.
2. Authorizes applicants for examination to retake the exam as many times as they desire.
3. Requires character and credit reports.
4. Requires reporting by insurers of insurance agencies and supervising or managing general agents.
5. Provides uniform language for discipline, refusal, suspension, or revocation of licensure with respect to persons who have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country.
6. Redefines the terms "public adjuster," "administrator," and "insured."
7. Eases restrictions on bona fide residents who are licensees in another state.
8. Prohibits the Department of Insurance from issuing certain licenses to any nonresident who at the time of issuance and throughout the existence of the nonresident license, does not hold a license issued by another state or province.
9. Revises state law concerning insurer insolvency.
10. Revises state law governing bail bondsmen
11. Requires administrators to keep in force and effect a fidelity bond.
12. Provides disclosure requirements with respect to credit life insurance policies.
13. Revises language with respect to annual licenses affecting certain societies authorized to transact insurance business.

See bill for details.

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A bill to be entitled
An act relating to insurance; amending s. 624.34, F.S., providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code; amending s. 624.404, F.S., relating to the general eligibility of insurers for a certificate of authority; providing criteria; amending s. 624.501, F.S., providing fees for registration certificates with respect to certain military installations; amending s. 626.221, F.S., increasing the time period for an exemption from examination for certain applicants; amending s. 626.231, F.S., providing for eligibility to take an examination for license; amending s. 626.251, F.S., deleting a time period with respect to notice of examination date; amending s. 626.281, F.S., providing for reexaminations; amending s. 626.511, F.S., eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent's appointment and license; amending s. 626.521, F.S., providing for required character and credit reports; creating s. 626.552, F.S., providing for reporting by insurers and supervising or managing general agents; amending ss. 626.611, 626.621, 634.181, 634.191, 634.320, 634.321,

CODING: Words strucken are deletions; words underlined are additions.
634.422, 634.423, 642.041, and 642.043, F.S., providing uniform language with respect to discipline or license refusal, suspension, or revocation for persons having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more; amending s. 626.731, F.S., revising criteria for qualifications for a general lines agent's license; amending s. 626.732, F.S., revising language with respect to required knowledge, experience, or instruction for license as a general lines agent; amending s. 626.735, F.S., revising language with respect to qualifications for a solicitor's license; amending s. 626.739, F.S., revising language with respect to a temporary license; amending s. 626.740, F.S., revising language with respect to temporary limited licenses for industrial fire agents; amending s. 626.785, F.S., relating to license qualifications; amending s. 626.790, F.S., revising language with respect to temporary licenses; amending s. 626.792, F.S., prohibiting the Department of Insurance from issuing a life insurance agent's license to certain nonresidents; amending s. 626.831, F.S., revising language with respect to license qualifications; amending s. 626.835, F.S., prohibiting the department from issuing a health insurance agent's license to certain nonresidents; amending s. 626.854, F.S.,

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redefining the term "public adjuster"; amending s. 626.869, F.S., revising criteria for the issuance of a limited license as an independent or public adjuster; amending s. 626.88, F.S., revising the definition of the terms "administrator" and "insurer"; amending s. 626.8805, F.S., providing criteria for certificates of authority; creating s. 626.8809, F.S., providing for a fidelity bond; amending s. 626.891, F.S., relating to grounds for suspension or revocation of certificate of authority; amending s. 626.943, F.S., relating to powers and duties of the department; amending s. 626.944, F.S., relating to qualifications for health care risk managers; creating s. 627.4085, F.S., requiring the name of the insurer on certain applications; amending s. 627.679, F.S., providing for required disclosure with respect to credit life insurance; repealing s. 627.9175(2), F.S., relating to the publication of health insurance loss ratios; amending s. 628.071, F.S., relating to the grant or denial of a permit, to include certain criteria; amending s. 632.629, F.S., relating to annual licenses for certain societies authorized to transact business, amending s. 632.638, F.S., relating to the applicability of the Insurance Code; amending s. 637.415, F.S., relating to the regulation of employees or representatives of dental service plan corporations; creating s. 648.315, F.S.,

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providing for the number of applications
required for licensure as bail bondsmen;
amending s. 648.34, F.S., revising criteria for
qualifications of bail bondsmen; amending s.
648.37, F.S., revising criteria for
qualifications of runners; amending s. 648.38,
F.S., revising language with respect to
examination as a bail bondsman; amending s.
648.39, F.S., relating to notice of appointment
of agents; repealing s. 626.881, F.S., relating
to the deposit of securities and surety bonds;
repealing s. 626.8811, F.S., relating to a
prohibition upon a levy upon deposit of certain
assets or securities; providing for review and
repeal; providing an effective date.

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

Section 1. Effective upon becoming a law, paragraph
(b) of subsection (l) of section 624.34, Florida Statutes, is
amended to read:

624.34 Authority of Department of Law Enforcement to
accept fingerprints of, and exchange criminal history records
with respect to, certain persons.--

(1) The Department of Law Enforcement may accept
fingerprints of organizers, incorporators, subscribers,
officers, stockholders, directors, or any other persons
involved, directly or indirectly, in the organization,
operation, or management of:
(b) Any other entity which is examined or investigated under the provisions of the Florida Insurance Code this part.

Section 2. Effective upon becoming a law, subsection (3) of section 624.404, Florida Statutes, is amended 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:

(3)(a) The department shall not grant or continue authority to transact insurance in this state as to any insurer the management, officers, or directors of which are found by it to be incompetent or untrustworthy, or so lacking in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public, or so lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation, or which it has good reason to believe are affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

(b) The department shall not grant or continue authority to transact insurance in this state as to any

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insurer if any stockholder, subscriber, incorporator, or other person exercising or having the ability to exercise effective control of the insurer or influencing or having the ability to influence the transaction of the business of the insurer does not possess appropriate character, reputation, financial standing, business experience, and motives for the successful operation of the insurer.

Section 3 Subsection (23) is added to section 624.501, Florida Statutes, to read:

624.501 Filing, license, and miscellaneous fees.--The department shall collect in advance, and persons so served shall pay to it in advance, fees, licenses, and miscellaneous charges as follows:

(23) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee .................................................. $20.00

(b) Biennial renewal or continuation of certificate of registration, registration fee ..................... $20.00

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.—

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

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Section 5. Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination—waiting-period;
general-lines-agents-and-solicitors.--

†‡† No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

†‡‡—An-applicant-for-license-as-a-general-lines-agent or-solicitor—whose-application-has-been-approved—shall become-eligible-to-take-the-examination-only-upon-expiration of-60-days-after-the-date-his-application-for-license-was filed-in-the-offices-of-the-department-at-Tallahassee—except that—if-the-applicant-for-license-as-a-general-lines-agent—is currently-licensed-as-a-solicitor—he-shall-be-eligible-for the-examination-for-an-agent's-license-upon-approval-of-his application-therefor-by-the-department—and-shall-not-be subject-to-the-60-day-waiting-period;

†‡‡—Such-60-day-waiting-period—shall—run—concurrently with-any-special-schooling-or-experience—required—as-part-of the-qualifications—for-the-license—or-with-the-completion-of the-residence-requirement-provided-as-to-general-lines-agents. The-applicant-may-file-his-application-for-license-while-such schooling-or-experience—is-in-progress—or-while-such-residence requirement—is-being-completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626 251 Time and place of examination, notice.—

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(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice not Less than 15 days in advance of the examination date. Notice shall be deemed given when so mailed.

Section 7. Subsection (1) of section 626.281, Florida Statutes, is amended to read:

626.281 Reexamination.--

(1) Any applicant for license who has either:

(a) Taken an examination and failed to make a passing grade, or

(b) Failed to appear for the examination or to take or complete the examination at the time and place specified in the notice of the department,

may, after the expiration of 30 days from the date of the previous such examination either taken or scheduled, upon filing of another application for examination payment of an additional-examination-application-filing-fee-for-a-second examination take another a-second examination based upon the same-application-for-license. The failure of an applicant to pass an examination, or the failure to appear for the examination or to take or complete the examination, does not preclude the applicant from taking subsequent examinations. A separate and additional application for examination, together

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with applicable fees, shall be filed with the department or a
person designated by the department for each subsequent
examination. If the applicant fails to pass such second
examination, he shall not be eligible for or be permitted to
take another examination for the same type or class of license
except pursuant to a new application for license and payment
of new license fees and examination application filing fees as
required for an initial application for license and no such
application for license shall be received on file or
considered by the department until after the expiration of 30
days after the date of denial of the license. Except that, as
to health insurance, an applicant who has failed the first
examination shall be allowed to take a second examination upon
payment of an additional examination application filing fee;
and, if such applicant fails the second examination, he shall
be required to wait for a period of 30 days before again
applying for license.

Section 8. Subsection (1) of section 626.511, Florida
Statutes, is amended to read:

626.511 Reasons for termination; privileged
information.--

(1) Any insurer terminating the appointment and
license of an agent; any general lines agent terminating the
appointment and license of a solicitor or a crop hail or
multiple-peril crop insurance agent; and any employer
terminating the employment, license, or permit of an adjuster,
service representative, supervising or managing general agent,
or claims investigator, whether such termination is by direct
action of the appointing insurer, agent, or employer or by
failure to renew or continue the appointment and license as
provided, shall file with the department a statement of the

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reasons, if any, for, and the facts relative to, such
termination unless the termination is for a license other
than a primary license of a life agent and is for the sole
reason that the life agent's primary license was terminated by
the appointing insurer or the agent to whom it was issued. In
the case of termination of the appointment of an agent, such
information may be filed by the insurer or by the general
agent of the insurer.

Section 9. Subsections (1) and (3) of section 626.521,
Florida Statutes, are amended to read:

626.521 Character, credit reports.--
(1) As to each applicant who for the first time in
this state is applying and qualifying for a license as agent,
solicitor, or adjuster, or for a permit as service
representative, supervising or managing general agent, or
claims investigator, the appointing insurer or its manager or
general agent in this state, in the case of agents, or the
appointing general lines agent, in the case of solicitors, or
the employer, in the case of service representatives and
claims investigators and of adjusters who are not to be self-
employed, shall coincidentally with such appointment or
employment secure and thereafter keep on file a full detailed
credit and character report, made by an established and
reputable independent credit reporting service, relative to
the individual so appointed or employed; except that a life
insurer may use its own reporting service for the making of
such a report, unless otherwise expressly requested by the
department

(3) As to an applicant for an adjuster's license who
is to be self-employed, the department shall secure, at the
cost of the applicant, a full detailed credit and character

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report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 10. Effective July 1, 1988, section 626.552, Florida Statutes, is created to read:

626.552 Reporting by insurers of insurance agencies and supervising or managing general agents.--

(1) By October 1, 1988, all insurers and supervising or managing general agents shall file with the department, on forms furnished by the department, the names and addresses of all supervising or managing general agents as defined in s. 626.091 and insurance agencies as defined in s. 626.094 with which the insurer or supervising or managing general agent has a contract to solicit or service insurance on its behalf. Such information shall be updated by the insurers and supervising or managing general agents on or before October 1 of each year.

(2) The information required under this section may only be used by the department for the purpose of distributing bulletins, brochures, or other material which the department deems necessary for the information of licensed agents and solicitors.

Section 11. Subsection (14) of section 626.611, Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department shall deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it shall suspend or revoke

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the eligibility to hold a license or permit of any such
person, if it finds that as to the applicant, licensee, or
permittee any one or more of the following applicable grounds
exist:

(14) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state which
involves moral turpitude, without regard to whether a judgment
of conviction has been entered by the court having
jurisdiction of such cases.

Section 12. Subsection (8) of section 626.621, Florida
Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension,
or revocation of agent's, solicitor's, or adjuster's license
or service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department may,
in its discretion, deny, suspend, revoke, or refuse to renew
or continue the license of any agent, solicitor, or adjuster
or the permit of any service representative, supervising or
managing general agent, or claims investigator, and it may
suspend or revoke the eligibility to hold a license or permit
of any such person, if it finds that as to the applicant,
licensee, or permittee any one or more of the following
applicable grounds exist under circumstances for which such
denial, suspension, revocation, or refusal is not mandatory
under s. 626.611:

(8) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of any other country in this state or any other state, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 13. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, is amended, and paragraph (g) is added to said subsection, to read:

626.731 Qualifications for general lines agent's license. --

(l) 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 is has been a bona fide resident of this state for at least one year last past, except that the department, in its discretion, may waive the requirement for one year's 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 one year residency requirement of this subsection does not apply to an applicant for a limited license under subdivision (b) or (g) who is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have

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been canceled or changed to a nonresident basis and that he is
in good standing.

(g) That the applicant has passed any required
examination for license required under s. 626.221.

Section 14. Subsections (1) and (3) of section
626.732, Florida Statutes, are amended to read:

626.732 Requirement as to knowledge, experience, or
instruction.--

(1) Except as provided in subsection (3), no applicant
for a license as a general lines agent, other than as to a
limited license as to baggage insurance, shall be qualified
therefor or be so licensed unless within the 4 years
immediately preceding the date his application for license is
filed with the department he has:

(a) Taught or successfully completed classroom courses
in insurance satisfactory to the department at a school,
college, or extension division thereof, approved by the
department;

(b) Completed a correspondence course in insurance
satisfactory to the department and regularly offered by
accredited institutions of higher learning in this state and,
except if he is applying for a limited license under s.
626.321, has had at least 6 months of responsible insurance
duties as a substantially full-time bona fide employee of-an
agent-or-of-an-insurer,-its-managers,-general-agents,-or
representatives in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of-an
agent-or-of-an-insurer,-its-managers,-managing-general-agents,-
or-representatives in all lines of property and casualty

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insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In-the-case-of-an-applicant-for-licensure-who-is
enrolled-in-and-actively-pursuing-classroom-courses-as
referred-to-in-paragraph-(1)(a)-or-a-correspondence-course-as
specified-in-paragraph-(1)(b)-the-department-may-in-its
discretion-permit-the-applicant-to-file-his-application-for
licensure-not-earlier-than-60-days-prior-to-the-completion-of
such-courses-and-of-the-6-months-of-insurance-employment-and
experience-as-referred-to-in-paragraph-(1)(b)-in-order-that
the-completion-of-the-courses-and-of-such-insurance-employment
and-experience-may-run-concurrently-with-the-60-day-waiting
period-required-under-s.626.23(2)-for-eligibility-for
examination. An individual who was or became qualified to sit
for an agent's or adjuster's examination at or during the time
he was employed by the department and who while so employed
was employed in responsible insurance duties as a full-time
bona fide employee shall be permitted to take an examination
if application for such examination is made within 90 days
after the date of termination of his employment with the
department.

Section 15. Subsections (2) and (3) of section
626.735, Florida Statutes, are amended, and subsection (8) is
added to said section, to read:

626.735 Qualifications for solicitor's license.--The
department shall not grant or issue a license as solicitor as
to any individual found by it to be untrustworthy or
incompetent, or who does not meet each and all of the

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following qualifications, and unless from the application for the license it affirmatively appears:

(2) That the applicant is a bona fide resident of this state and will actually reside in the state at least 6 months out of the year. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this subsection, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as the substantially full-time employee of an agent or of an insurer, its managers, managing general-agents, or representatives.

(4) That the applicant has passed any required examination for license required under s. 626.221.

Section 16, Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence of agent.—

(1) The department may, in its discretion, issue a temporary license as agent to a licensed agent's employee, family member, business associate, or personal representative, or to the representative of a direct writing insurer of which the agent was the licensed agent in the area served by the
agency, for the purpose of continuing or winding up the
business affairs of the agent or agency, all subject to the
following conditions:

(g) The holder of a temporary license may be granted a
regular agent's license upon taking and successfully
completing a classroom course or correspondence course in
insurance or having the insurance employment experience as
prescribed in s. 626.732 and passing an examination as
required by s. 626.221—but-the-department-may-wave-the
requirements-as-to-residence-and-the-time-of-taking-such
examination-as-prescribed-in-s.626.732.

Section 17. Subsection (2) of section 626.740, Florida
Statutes, is amended to read:

626.740 Temporary limited license as industrial fire
agent; pending examination.—

(2) If the applicant fails to pass the first
examination, he may, after the expiration of 30 days, take
another examination. An applicant permitted to take another
examination shall file another examination application and pay
along-with the required filing fee.

Section 18. Subsection (2) of section 626.785, Florida
Statutes, is amended to read:

626.785 Qualifications for license.—

(2) An individual who is a bona fide resident of this
state shall be deemed to meet the residence requirement of
paragraph (1)(b), notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee agent of such
other state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is

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in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other license, either to the insurer represented thereunder or to the proper official of the other state.

Section 19. Subsection (2) of section 626.790, Florida Statutes, is amended to read:

626.790 Temporary license; pending examination.--

(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 20. Subsection (2) of section 626.792, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.792 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a life insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a life insurance agent in such other state or province and either passed such a written examination or was the holder of a life insurance agent's license prior to the time a written examination was required; and

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(c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as life agent issued by the nonresident's state or province of Canada.

Section 21. Subsection (2) of section 626.831, Florida Statutes, is amended to read:

626.831 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other license, either to the insurer represented thereunder or to the proper official of the other state.

Section 22. Subsection (2) of section 626.835, Florida Statutes, is amended, and subsection (5) is added to said section, to read:

626.835 Nonresident agents.--

CODING: Words struck are deletions; words underlined are additions.
(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a health insurance agent in such other state or province and either has passed such a written examination or was the holder of a health insurance agent's license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a health insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(5) The department shall not issue a nonresident health insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as health agent issued by the nonresident's state or province of Canada.

Section 23, Section 626.854, Florida Statutes, is amended to read:

626.854 "Public adjuster" defined.—A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. 626.860 provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for another person or who, for money, commission, or any other thing of value, acts or

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aids in any manner on behalf of an insured in negotiating for, or effecting the settlement of, a claim or claims for loss or damage covered by an insurance contract, or who advertises for employment as an adjuster of such claims; and also includes any person who, for money, commission or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such public adjuster. This definition does not apply to a licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.

Section 24. Subsection (2) of section 626.869, Florida Statutes, is amended to read:

626.869 License, permit classes; adjusters, claim investigators.--

(2) With the exception of a public adjuster limited to health insurance, a limited license set forth in subsection (1) as an independent or public adjuster may only be issued to and retained by an employee of an independent or public adjuster licensed in all lines of insurance other than life and annuity. The office of the limited lines adjuster shall be in the office of the licensed all-lines adjuster responsible for his supervision and instruction.

Section 25. Section 626.88, Florida Statutes, is amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator" is any person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with authorized commercial self-insurance funds or with insured or self-insured programs which provide life or health insurance

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coverage or coverage of any other expenses described in s. 624.33(1), other than any of the following persons:

(a) An employer on behalf of such employer's employees or the employees of one or more subsidiary or affiliated corporations of such employer.

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to transact insurance in this state or is acting as an insurer with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance life-or-health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(1) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements
of ss. 624.438 and 624.439, or any governmental trust as
defined in s. 624.33(3), and the trustees and employees acting
pursuant to such trust, or a custodian, and its agents and
employees, including individuals representing the trustees in
overseeing the activities of a service company or
administrator, acting pursuant to a custodial account which
meets the requirements of s. 401(f) of the Internal Revenue
Code.

(j) A financial institution which is subject to
supervision or examination by federal or state authorities or
a mortgage lender licensed under chapter 494 who collects and
remits premiums to licensed insurance agents or authorized
insurers concurrently or in connection with mortgage loan
payments.

(k) A credit card issuing company which advances for
and collects premiums or charges from its credit card holders
who have authorized such collection, if such company does not
adjust or settle claims.

(l) A person who adjusts or settles claims in the
normal course of such person's practice or employment as an
attorney-at-law and who does not collect charges or premiums
in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensaion of the Department of Labor and Employment
Security who administers only self-insured workers'
compensation plans.

(n) A service company or service agent and its
employees, authorized in accordance with ss. 626.895-626.899,
serving only a single employer plan, multiple-employer welfare
arrangements, or a combination thereof.
For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 26. Subsection (6) is added to section 626.8805, Florida Statutes, to read:

626.8805 Certificate of authority to act as administrator.--

(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 27. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 28. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

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626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

   (b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 29. Subsection (6) of section 626.943, Florida Statutes, is amended to read:

626.943 Powers and duties of the department.--It is the function of the department to:

   (6) Establish procedures for providing the Department of Health and Rehabilitative Services with periodic reports on persons certified licensed or disciplined by the department under this part.

Section 30. Subsection (3) of section 626.944, Florida Statutes, is amended to read:

626.944 Qualifications for health care risk managers.--

   (3) The department shall issue a certificate, beginning on June 1, 1986, to practice health care risk management to any applicant who qualifies under this section and submits the certification license fee as set forth in s. 624.501. Certificates shall be issued and canceled in the same manner as provided in part I of this chapter.

Section 31. Effective January 1, 1989, section 627.4085, Florida Statutes, is created to read:

627.4085 Insurer name required on application.--

   (1) All applications for an insurance policy or annuity contract shall prominently display the name of the

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insuring entity on the first page of the application form at
the time the coverage is bound or premium is quoted.

(2) This section does not apply to surplus lines
business under the provisions of ss. 626.913-626.937.

Section 32. Effective January 1, 1989, paragraph (c)
of subsection (1) of section 627.679, Florida Statutes, is
amended to read:

627.679 Amount of insurance; disclosure.--

(1)

(c) Before any credit life insurance may be sold, the
creditor agent or agent shall must obtain a separate written
acknowledgment with respect to each of the following:

1. That the borrower understands that he has the
option of assigning any other policy or policies the borrower
owns or may procure for the purpose of covering such loan and
that the policy need not be purchased from the creditor agent
in order to obtain the loan.

2. That the borrower understands that the credit life
coverage may be deferred if, at the time of application, the
borrower is unable to engage in employment or unable to
perform normal activities of a person of like age and sex, if
the proposed credit life insurance policy contains this
restriction.

3. That the borrower understands that the benefits
under the policy will terminate when the borrower reaches a
certain age and that the borrower's age is accurately
represented on the application or policy.

Section 33. Subsection (2) of section 627.9175,
Florida Statutes, is hereby repealed.

CODING: Words stricken are deletions; words underlined are additions.
Section 34. Effective upon becoming a law, subsection (1) of section 628.071, Florida Statutes, is amended to read:

628.071 Granting, denial of permit.—

(1) The department shall expeditiously examine and investigate the application for a permit as referred to in s. 628.051. If the department finds that:

(a) The application is complete;

(b) The documents therewith filed are in compliance with law;

(c) The proposed financial structure is adequate; and

(d) All stockholders, organizers, incorporators, subscribers, and other persons who directly or indirectly exercise or have the ability to exercise effective control of the proposed insurer or who will be involved in management of the proposed insurer possess appropriate character, reputation, financial standing, business experience, and motives to form an insurer. The proposed officers and directors have sufficient insurance experience, ability, and standing to assure reasonable promise of successful operation;

it shall issue to the applicant a permit to form the proposed insurer.

Section 35. Effective upon becoming a law, section 632.629, Florida Statutes, is amended to read:

632.629 Annual license.—

(1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.

(2) A license issued or renewed under this chapter shall continue in force as long as the society is entitled thereto under this chapter and until suspended or revoked by

CODING: Words strucken are deletions; words underlined are additions.
the department or terminated at the request of the society, provided:

(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(3); and

(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

(3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

(4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement, in the amount provided in s. 624.501(1)(b). Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1, next succeeding June 24, 1986 -- The authority of such societies and all societies hereafter licensed may thereafter be renewed annually, but in all cases such authority shall terminate on the succeeding June 1. However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused. The society shall pay the department the annual license tax provided for in s. 624.501(3) for each such license or renewal. Societies which are now authorized to transact business in this state may continue such business until June 1, next succeeding June 24.
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1986.--The authority of such societies and all societies hereafter licensed may thereafter be renewed annually, but in all cases such authority shall terminate on the succeeding June 1. -- However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused. The society shall pay the department the annual license tax provided for in section 624.501(3) for each such license or renewal.

(5) A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Section 36. Subsections (6), (7), (8), (9), (10), and (11) of section 632.638, Florida Statutes, are renumbered as subsections (8), (9), (10), (11), (12), and (13), respectively, and new subsections (6) and (7) are added to said section to read:

632.638 Applicability of other code provisions. -- In addition to the provisions heretofore contained or referred to in this chapter, other chapters and provisions of this code shall apply to fraternal benefit societies, to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications thereof, as follows:

(6) Part III of chapter 626;

(7) Part IV of chapter 626;

Section 37. Subsection (11) is added to section 634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or revocation of registration of salesmen. -- The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any such salesman if it finds that as to the

CODING: Words stricken are deletions; words underlined are additions.
Section 38. Subsection (6) of section 634.191, Florida Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension, revocation of registration of salesmen.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any salesman if it finds that as to the salesman any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.181:

(6) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 39. Subsection (11) of section 634.320, Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.—The department shall deny, suspend, revoke, or refuse to renew or

CODING: Words struck are deletions; words underlined are additions.
continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, without regard to whether judgment of conviction has been entered by the court.

Section 40. Subsection (6) of section 634.321, Florida Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found, after notice and hearing thereon as provided in s. 634.322, that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.320.

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court.

Section 41. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

CODING: Words struck are deletions; words underlined are additions.
634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

(11) Being found guilty of or pleading nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, in-this-state-or-any-other-state, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 42. Subsection (6) of section 634.423, Florida Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, in-this-state-or-any-other-state, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.
Section 43. Subsection (5) of section 637.415, Florida Statutes, is amended to read:

637.415 Regulation of employees or representatives of dental service plan corporations.--

(5) The grounds and procedures for refusal, suspension, or revocation of a license issued to any employee or representative of a dental service plan corporation shall be as set forth in ss. 626.611-626.691, and the duration of any suspension or revocation shall be as set forth in ss. 626.641.

Section 44. Subsection (11) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or revocation of registration of contracting sales representatives.--The department shall, pursuant to the insurance code, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative or the license of any general lines agent or solicitor if it finds that, as to the sales representative, general lines agent, or solicitor, any one or more of the following applicable grounds exist:

(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 45. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The

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department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 46. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.--After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or

(2) A period of 24 months transpires between the time the licensee's last limited surety agent or professional bondsman's license is terminated and the date an application for a similar license is received by the department in Tallahassee.

Section 47. Paragraphs (b) and (d) of subsection (2) of section 648.34, Florida Statutes, are amended, paragraph (g) is added to said subsection, and subsection (3) of said section is amended, to read:

648.34 Bail bondsmen, qualifications.--

CODING: Words stricken are deletions; words underlined are additions.
(2) To qualify as a bail bondsman, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of the state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(d) The applicant has successfully completed a basic certification course in the criminal justice system, consisting of not less than 80 hours, approved by the board and has successfully completed, within 2 years of the date of his application, a correspondence course for bail bondsmen approved by the board.

(g) The applicant has passed any required examination.

(3) A fee of $18 shall be submitted to the department with each application—in addition to the $18 fee, the department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner’s Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

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Section 48. Paragraph (b) of subsection (2) and subsection (3) of section 648.37, Florida Statutes, are amended to read:

648.37 Runners, qualifications.--

(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(b) The applicant is a bona fide resident of this state. An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of this paragraph, notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee shall be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 49. Section 648.38, Florida Statutes, is amended to read:

648.38 Examination; time; place; fee; scope.--

(1)(a) If upon the basis of the completed application for examination and such further inquiry or investigation as

CODING: Words stricken are deletions; words underlined are additions.
the department may make concerning the fitness and
qualifications of the applicant, the department is satisfied
that, subject to any examination required to be taken and
passed by the applicant for a license, the applicant is
qualified to take the examination applied for and that all
pertinent taxes and fees have been paid, it shall approve the
application.

(b) If upon the basis of the completed application for
examination and such further inquiry or investigation as to
the fitness and qualifications of the applicant, the
department deems the applicant to be unfit or lacking in any
one or more of the required qualifications as specified in s.
648.34 as to limited surety agents, and ss. 648.34 and 648.35
as to professional bondsmen, the department shall disapprove
the application.

(c) At the time of filing his application for
examination, each applicant shall pay to the department or a
person designated by the department a fee for filing the
application for the examination. To provide the applicant
with options such as electronic examinations, a fee to cover
the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant
shall be required to appear in person at a place hereinafter
designated to take a written examination prepared by the
department, or by a person designated by the department for
that purpose, and approved by the board, testing his ability
and qualifications to be a bail bondsman. The board shall
determine the minimum performance level required for passage
of the examination in order to ensure that the applicant has
an adequate level of competence and knowledge of the duties
and responsibilities of a bail bondsman.

CODING: Words struck are deletions; words underlined are additions.
(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice. Notice shall be deemed given when so mailed.

(4) Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant and he shall be entitled to notice of the time and place not less than 15 days prior to taking the examination.

(4) A fee of $18 shall be submitted to the department with each application such fee to be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. The fee for filing an application for examination shall not be subject to refund.

(5) The failure of the applicant to secure approval of the department shall not preclude him from applying as many times as he desires, but no application will be considered by the department within 60 days subsequent to the date upon which the department denied the last application.
(6) The failure of an applicant to pass an examination, after having been approved by the department to take the examination, does not preclude him from taking subsequent examinations. A separate and additional application and fee for filing an application for examination shall be filed with the department for each subsequent examination provided, however, that at least 30 days must intervene between examinations.

(7) The $90 fee for filing an application for examination shall apply to each examination but once an applicant has been approved by the department he will not have to file another application as set forth in ss 648.34 and 648.35 unless specifically so ordered by the department. Any bail bondsman who successfully passes an examination must be licensed within 24 months from date of examination or be subject to another examination unless failure to be so licensed was due to military service, in which event the period within which another examination is not required may, in the department's discretion, be extended to 12 months following the date of discharge from military service, if the military service does not exceed 3 years, but in no event to extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as the bail bond business.

Section 50. Subsection (1) of section 648.39, Florida Statutes, is amended to read:

648.39 Notice of appointment of agents; termination.--

(1) Each insurer shall biennially, prior to March September 1 of each odd-numbered year, file with the department an alphabetical list of all agents appointed pursuant to this chapter, giving the type and class of

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license, name, and address of each licensee whose appointment
and license in this state is being renewed or is to be
continued in effect, accompanied by payment of the applicable
renewal or continuation fees and taxes. Each such insurer
which shall, subsequent to the filing of this list, expect to
appoint an agent pursuant to this chapter in this state shall
give notice thereof to the department along with a written
application for license for such agent. All such appointments
shall be subject to the issuance of licenses pursuant to this
chapter to such agents.

Section 51. Sections 626.881 and 626.8811, Florida
Statutes, are hereby repealed.

Section 52. Section 626.552, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

Section 53. Section 626.8809, Florida Statutes, is
repealed on October 1, 1990, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

Section 54. Section 627.4085, Florida Statutes, is
repealed on October 1, 1992, and shall be reviewed by the
Legislature pursuant to s. 11.61, Florida Statutes.

Section 55. Each section which is added to chapter
648, Florida Statutes, by this act is repealed on October 1,
1990, and shall be reviewed by the Legislature pursuant to s.
11.61, Florida Statutes.

Section 56. Except as otherwise provided herein, this
act shall take effect October 1, 1988.

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Revises state law governing insurance. Among other changes the act:

1. Authorizes the Department of Law Enforcement to accept fingerprints of any person involved in any organization which is examined or investigated under the provisions of the Florida Insurance Code.
2. Authorizes applicants for examination to retake the exam as many times as they desire.
3. Requires character and credit reports.
4. Requires reporting by insurers of insurance agencies and supervising or managing general agents.
5. Provides uniform language for discipline, refusal, suspension, or revocation of licensure with respect to persons who have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country.
6. Redefines the terms "public adjuster," "administrator," and "insured."
7. Eases restrictions on bona fide residents who are licensees in another state.
8. Prohibits the Department of Insurance from issuing certain licenses to any nonresident who at the time of issuance and throughout the existence of the nonresident license, does not hold a license issued by another state or province.
9. Revises state law governing bail bondsmen.
10. Requires administrators to keep in force and effect a fidelity bond.
11. Provides disclosure requirements with respect to credit life insurance policies.
12. Revises language with respect to annual licenses affecting certain societies authorized to transact insurance business.

See bill for details.

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### Senate Staff Analysis and Economic Impact Statement

**Senator StafF Analysis and Economic Impact Statement**

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**Subject:** Insurance

**Bill No. and Sponsor:** SB 368 by Senator Thoras

#### 1. Summary:

**A. Present Situation and Effect of Proposed Changes:**

The bill amends various sections of the insurance code relating to insurance agent licensing. Generally, the bill clarifies and modifies licensing requirements, and deletes language made obsolete by case law and subsequent legislative enactments.

Several sections of this bill update the mechanics of the application procedure. Also, several sections of the insurance code relating to qualifications and eligibility for agent licenses are amended. The grounds for administrative actions against applicants or licensees in various areas of insurance are expanded to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country.

The bill expands the authority of the Department of Insurance (Department) with respect to background investigations of individuals with the ability to control insurance entities. The Department of Law Enforcement (DLE) must be statutorily authorized to process fingerprints received from the department for background investigations. Under the provisions of this bill, the DLE's authority to process fingerprints is expanded to include individuals involved in the organization or management of entities subject to examination under the Florida Insurance Code. Currently, this authority exists only with respect to organizers or managers of entities subject to examination under part II of the code.

Whenever the department seeks to send an informational bulletin to all general insurance agents of the state, they must mail a letter to each agent's address, as listed in the agent's licensing file within the Division of Insurance Consumer Services. Currently, the department mails informational bulletins to all general insurance agents two or three times annually. However, insurance companies are sent informational bulletins regularly.

In 1986, ss. 624.161-624.485, F.S., were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires administrators for insured or self-insured programs to provide life and health insurance coverage to obtain a certificate of authority.

Section 626.881, F.S., requires administrators, in order to protect against insolvency, to deposit securities with the department in the amount of $50,000 for the first year of
operation. The deposit is subject to annual adjustments which may raise the requirement to 17 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount.

There is currently no requirement that insurance application forms contain the name of the insuring entity. Only the agent's name is generally on the face of an insurance policy. If the name of the insuring entity is not on the application, the insured may be unaware of the identity of the insuring entity. The insuring entity could be a licensed insurance company, commercial self-insurance fund, or other licensed insurance entity.

Section 627.672, F.S., defines credit life insurance as insurance on the life of a debtor in connection with a specific loan or other credit transaction. If the debtor dies or becomes disabled during the course of the loan, the debt is satisfied by credit life insurance. Many credit life insurance policies contain exceptions which an applicant may not be aware of when he applies for the insurance.

In the area of insurer insolvency, the bill allows proceedings for the appointment of the department as receiver by consent order, restricts the priority statute for orderly distribution of an insurer's assets, and provides for automatic stay of all proceedings against an insurer upon the department's petition to the court for receivership.

For ease of understanding, a section-by-section analysis follows:

Section 1: Section 624.34, F.S., currently authorizes the Department of Law Enforcement (DLE) to process fingerprints of individuals involved in the organization, operation or management of domestic insurance entities, commercial self-insurance funds, prepaid legal plans, prepaid ambulance plans and automobile, service or home warranty plans.

Section 624.34, F.S., expands the authority of the DLE to process fingerprints of organizers, operators or managers of any entity eligible to be a named or investigated under the provisions of the Florida Insurance Code. These entities include health maintenance organizations, prepaid health clinics, prepaid dental plans, optometric plans and pharmaceutical plans.

Section 2: Section 624.404, F.S., expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure the reasonable promise of a successful operation. Currently, the department has this authority only with respect to the management of the insurer.

Section 624.404, F.S., also provides for denial of a certificate of authority if the stockholders, subscribers, or other persons have the capacity to influence the operation of the insurer lack the appropriate character, experience, motive and financial standing for the successful operation of the insurers.

Section 3: Section 626.322, F.S., states that the registration fee for certification of persons representing insurers at U.S. military installations shall be as provided in s. 624.501, F.S., and that the certification shall be continued upon payment of a fee of $20. However, there is no provision regarding this fee in s. 624.501, F.S. This section provides a registration fee of $20 for these individuals in s. 624.501, F.S.
Section 4: Currently s. 626.221, F.S., gives a department employee 30 days to be reissued after leaving the department without having to be reexamined. This section expands this time period to 2 years, which is consistent with the qualifications period for all insurance agents, solicitors and adjusters. Under ss. 626.181 and 626.111, F.S., these individuals are given 2 years in which to apply for a license similar to the one they presently hold, without reexamination.

Section 5: In 1982 the legislature repealed the requirement that the department interview all first-time general lines agents. Applicants were required to wait for 60 days before taking the exam to allow the department to conduct the interviews. Section 626.231, F.S., deletes the reference to the 60 day waiting period, now unnecessary since the legislature repealed the interview requirement.

Section 6: Section 626.231, F.S., provides the applicant choice of the location and date he wishes to take an exam; the department no longer does this.

Section 7: Section 626.281, F.S., which did provide a waiting period between insurance examinations is no longer necessary due to departmental changes.

Section 8: Chapter 72-34, Laws of Florida, required a life insurance agent to have a primary license. Chapter 85-208, L.O.F., repealed the requirement that a life insurance agent have a primary license. This section deletes a reference to primary licenses in s. 626.521, F.S.

Section 9: Current law states that the department shall secure a credit or character report regarding first-time applicants for licensure. Section 626.521, F.S., requires the department to obtain both credit and character reports. Most applicants already furnish both reports to the department. This bill requires that all applicants must furnish both reports to the department.

Section 10: Section 626.552, F.S., is created to provide for a "mailing list" for the department by requiring each insurer and supervising or managing general agent to submit, by October 1, 1983, the name and addresses of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

This mailing list will enable the department to send information to insurance agencies rather than to each individual agent, which will significantly reduce the cost of each mailing. This cost savings is expected to allow the department to communicate with all general insurance agents on a monthly basis at a minimum.

The information obtained by the department under this bill is to be updated yearly, and may only be used for communication purposes.

Section 11: Currently, s. 626.611, F.S., provides the grounds for administrative action against applicants or licensees only include felonies punishable by imprisonment of 1 year or more under the law of this state or any other state. Section 626.611, F.S., expands the grounds for the administrative action against applicants or licensees to include felonies or crimes punishable by imprisonment of 1 year or more under federal law, or the law of any state or country.

Section 12: See Section 11.

Section 13: Currently, s. 626.731, F.S., requires applicants for a general lines agent license to be a resident of the state for one year to be eligible. In 1982, the 1st District Court
of Appeal declared the requirement unconstitutional. Scott v. Gunter, 447 So.2d 272 (1st DCA 1984). This section deletes reference to the 1 year residency requirement. The applicant is still required to be a Florida resident.

This section also requires applicants for a general lines agent's license who were licensed as a resident licensee in another state to have their licenses canceled or converted to a nonresident basis. The applicant must furnish a letter of clearance to this effect.

This section clarifies that passing the exam is just one of the qualifications for license.

Section 14: Currently, one of the ways an individual may qualify as a general lines agent is to have experience with a general lines agent or insurance company. Section 626.732, F.S., expands the types of employment which may be used to qualify by experience. This will permit applicants who are employees of a self-insurance entity, risk managers of a governmental entity, or department employees to qualify as a general lines agents.

This section also deletes reference to the 60 day waiting period (see Section 5).

Section 15: Section 626.735, F.S., expands the types of employment which an applicant for a solicitors license may use to qualify by experience (see Section 14); clarifies that passing an exam is just one of the qualifications for license; and requires applicants to cancel resident licenses in former state of residence or qualifying in Florida as a resident licensee. Thus, applicants must furnish the department with a letter of clearance.

Section 16: Section 626.739, F.S., deletes reference to the 1 year residency requirement (see Section 13) and reference to the 60 day waiting period (see Section 5).

Section 17: Section 626.740, F.S., deletes reference to the 30 day waiting period for applicants wishing to retake the examination.

Section 18: Section 626.785, F.S., requires applicants for a life insurance license to furnish the department with a letter of clearance (see Section 13). These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement.

Section 19: Section 626.790, F.S., deletes reference to the 30 day waiting period for applicants wishing to retake the examination.

Section 20: Section 626.792, F.S., clarifies that "province" refers to the Province of Canada.

Requires a non-resident life licensee to remain continuously licensed as a resident licensee in his home state or province during the existence of his Florida non-resident license.

Section 21: Section 626.831, F.S., requires applicants for a health insurance license to furnish the department with a letter of clearance (see Section 13).

Section 22: Section 626.833, F.S., clarifies that "province" refers to the Province of Canada. Imposes a continuous license requirement with respect to non-resident health licensees (see Section 20).
Section 23: Section 626.351, F.S., clarifies that people who prepare, complete or file insurance claim forms for compensation are subject to the public adjuster law. It facilitates their operation by providing for a public adjuster license limited to health insurance. It does not affect health care providers preparing their forms for patients.

Section 24: Chapter 64-243, L.O.P., authorized the issuance of a limited lines adjuster's license to individuals who are employees of an all lines adjuster. Section 626.869, F.S., requires that these individuals be located in the office of the all lines adjuster responsible for their supervision and instruction.

Department representatives contend that the original intent when they proposed the language in 1982 was to insure that limited lines adjusters receive education. This section is consistent with that intent.

Section 25: Section 626.85, F.S., is amended to provide that the term "administrator" includes persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Since the term "administrator" is expanded, administrators of commercial self-insurance funds are required to obtain a certificate of authority. Paragraph 626.88(1)(3), F.S., clarifies that a health care services plan, health maintenance organization, or professional service plan corporation which possesses a valid certificate of authority is not deemed to be a "administrator" if its activities are limited to those authorized by its certificate of authority. Paragraph 626.86(1)(e), F.S., expands one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance. Also, the definition of "insurer" is expanded to include commercial self-insurance funds for the purpose of regulation of administrators.

Section 26: Section 626.8805, F.S., provides that an administrator, who obtains a certificate of authority, may be authorized to administer commercial self-insurance funds, or life and health programs, or both.

Section 27: Section 626.8509, F.S., is created to require administrators to maintain a fidelity bond. The fidelity bond will afford protection against economic loss and be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled or managed annually by the administrator, not to exceed $500,000, unless a greater amount is required by the department.

Section 28: Section 626.891, F.S., is revised regarding grounds for suspension or revocation of the certificate of authority of an administrator, by changing the reference from "deposit" previously required by s. 626.8805, F.S., to "fidelity bond" required of s. 626.8509, F.S. The department is authorized to suspend the certificate of authority of an administrator if a fidelity bond is not maintained.

Section 29: Health care risk managers are issued certificates by the department in accordance with s. 626.943, F.S. This section deletes all reference to the term "insured" and substitutes the correct term, "certified."

Section 30: See Section 29.

Section 31: Section 627.4085, F.S., as created would require all application forms for insurance policies or annuity contracts to have the name of the insuring entity prominently
displayed on the first page of the form at the time the coverage is bound or premium is quoted.

Excludes surplus lines business under the provisions of ss. 626.913-626.937, F.S., from the requirement that the name of the insurance entity must be prominently displayed on the first page of the application.

The effective date of January 1, 1989, allows affected persons or entities time to modify application forms if necessary to conform with this chapter.

Section 32: Section 627.579, F.S., is amended to require that before credit life insurance is sold, the creditor agent or credit life agent must obtain a separate written acknowledgement that the applicant understands the benefits under the policy will terminate when the applicant reaches a certain age. The applicant must also verify that his age is accurately represented on the application.

The agent must also obtain a written acknowledgement that the applicant understands the credit life coverage may be deferred if, at the time of application, he is unable to engage in employment or perform normal activities, if the policy contains this restriction.

Section 33: Subsection (2) of section 627.575, F.S., which requires the department to publish health insurers loss ratios is repealed.

Currently, the publication of the loss ratios for accident and health insurance companies licensed to sell insurance in Florida results in six pages of multiple columns of loss ratios.

The department contends that these numbers are unintelligible, due to the many factors influencing a loss ratio, including higher loss incidence and the age of the group insured. Additionally, a loss ratio may not be indicative of a company's financial condition, or whether the policy is the best buy for an individual.

The department will still collect loss ratio information from the insurance companies.

Section 34: Section 628.071, F.S., expands the authority of the department to refuse a permit for the formation of a domestic insurer if the department finds that the stockholders, organizers, incorporators, subscribers or persons with the ability to control the proposed insurer, do not possess the character, experience, financial standing, and motives to form an insurer.

Currently, s. 628.071, F.S., only requires that the proposed officers and directors have sufficient insurance experience and ability to assure reasonable promise of a successful operation.

Section 35: Section 632.629, F.S., dealing with fraternal benefit societies is amended by requiring a society to renew its license annually by paying the annual license tax fee prior to June 1 and by continually meeting the applicable requirements of the Florida Insurance Code. If the license is not renewed by the society, it expires on May 31, 1987, following the society's failure to renew. The Department of Insurance shall notify a society of the impending expiration of its license.

The bill also provides that the department may reinstate a license a society has inadvertently allowed to expire after the society has cured the failures which resulted in its expiration, and paid the reinstatement fee provided for in s.
624.501(1)(b), F.S. If the department does not reinstate the license, the society may obtain a license only by meeting the requirements for an original license.

Section 36: Section 632.636, F.S., requires fraternal benefit agents to qualify for licensure in the same manner as life and health agents.

This section adds parts III and IV of chapter 626, addressing the qualifications of life and health insurance agents, to the list of laws applicable to fraternal benefit societies. This is intended to eliminate any confusion as to which parts of chapter 626, F.S., apply to fraternal benefit societies.

Sections 37-42, 44 & 45: Sections 634.121, 634.122, 634.123, 634.124, 634.125, 634.126, and 634.127, F.S., expand the grounds for administrative action against salesmen of motor vehicle service agreements, sales representatives of home or service warranties and persons authorized to engage in legal expense insurance business, to include felonies or crimes punishable by imprisonment of 1 year or more under federal law, or the law of any state or country (see Section 11).

Section 43: Section 637.415, F.S., provides that the grounds for administrative action against dental service plan representatives shall be as set forth in ss. 632.611 through 632.691, F.S., which are applicable to all insurance field representatives.

Section 46: Section 643.315, F.S., provides limited surety agents and bail bondsmen with the same time period in which to reapply for a license without reexamination as is currently provided for insurance field representatives under s. 626.161, F.S.

Section 47: Section 658.433, F.S., requires applicants for a bail bondsman license to furnish the department with a letter of clearance. Clarifies that passing an exam is just one of the qualifications for license.

Deletes reference to a $10 application fee, since s. 624.501, F.S., provides for fees which reflect the actual cost of examination.

Requires a character report in addition to the credit report required by s. 649.34, F.S. Provides that this information is privileged.

Section 48: Section 648.37, F.S., requires letter of clearance and character reports for runners, and provides for confidentiality of the reports (see Section 47).

Section 49: Section 648.38, F.S., is amended with respect to bail bondsmen to accommodate the legislative requirement that the department change its testing procedure from manual to automated.

Deletes reference to the 60-day waiting period (see Section 5).

Eliminates reference to a $10 examination fee, since s. 624.501, F.S., provides for fees which reflect the actual cost of examination.

Section 32: In 1984, the renewal date for bail bondsmen licenses was changed from September 1 to March 1. A reference to this renewal date in s. 648.39, F.S., was inadvertently left unchanged. Section 648.39, F.S., corrects this error so that the renewal date is March 1 of each odd-numbered year.

Section 51: Sections 626.881 and 626.8811, F.S., which require a minimum deposit for administrators are repealed. Under this
act, a fidelity bond is required by administrators (See Sections 27 and 28).

Section 52: This bill creates s. 626.552, F.S., which is repealed on October 1, 1990, and shall be reviewed by the Legislature before that date.

Section 53: This bill creates s. 626.8806, F.S., which is repealed on October 1, 1990, and shall be reviewed by the Legislature before that date.

Section 54: This bill creates s. 627.4085, F.S., which is repealed on October 1, 1990, and shall be reviewed by the Legislature before that date.

Section 55: Th.is bill creates s. 628.315, F.S., which is repealed on October 1, 1990, and shall be reviewed by the Legislature before that date.

Section 56: Provides an effective date, subject to exceptions otherwise provided within the bill.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Insurance industry representatives indicate that some additional administrative costs are likely and that such costs could be passed on to the public. It is indeterminable at this time as to any specific costs that would occur.

Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the department. However, administrators will realize savings associated with the difference in cost between depositing securities or obtaining a surety bond and maintaining a fidelity bond.

B. Government:

Representatives from the department have advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to serve a commercial self-insurance fund.

The bill would decrease the cost of the department's mailings to agents (approximately $15,000 per mailing) since there are fewer insurance agencies (less than 5,000) than insurance agents (over 20,000) in the state. The cost of a mailing under the new method is estimated by department officials to be less than $2,000. Therefore, the department could increase the frequency of its communications to agents at an overall savings to the government.

With respect to the order in which claims will be paid in the event of insurer insolvency, it is probable that state and local governments will not collect claims against the insurer, since the bill makes the claims of the federal government superior to state and local claims. Currently, state and local governments seldom collect claims, since the insurer's assets seldom exceed administrative expenses, debts due employees, claims of policyholders, and the claims of general creditors, which all have priority over state and local claims.

III. COMMENTS:

The contents of this bill are substantially similar to the contents of Senate Bills 556, 566, 563, 570, 571 and 586 from the 1987 legislative session which were reported out of various Senate committees but died on the House and Senate Calendars. All the
above bills and additional provisions were contained in House Bill 1402 which died in the Senate Commerce Committee.

IV. AMENDMENTS:

None.
The Committee on Commerce recommended the following amendment which was moved by Senator and adopted: and failed:

Senate Amendment

On page 27. between lines 21 and 22

If amendment is text from another bill insert:

Bill No. Draft No. With Changes? Yes 

insert:

Section 35. Section 631.031, Florida Statutes, is amended to read:

631.031 Commencement of delinquency proceeding.--The department may commence any such proceeding by application to the court for an order directing the insurer to show cause why the department should not have the relief prayed for. On the return of such order to show cause, and after a full hearing, the court shall either deny the application or grant the application, together with such other relief as the nature of the case and the interests of the policyholders, creditors, stockholders, members, subscribers, or public may require. The department may also commence any such proceeding by application to the court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation.

Section 36. Section 631.041, Florida Statutes, is amended to read:

631.041 Automatic stay; relief from stay; injunctions.
(1) An application or petition under s. 631.031 operates as an automatic stay applicable to all persons and entities, other than the receiver, which shall be permanent and survive the entry of an order of conservation, rehabilitation, or liquidation, and which shall prohibit:

(a) The commencement or continuation of judicial, administrative, or other action or proceeding against the insurer or against its assets or any part thereof;

(b) The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

(c) Any act to obtain possession of property of the insurer;

(d) Any act to create, perfect, or enforce a lien against property of the insurer, except a secured claim as defined in s. 631.011(15);

(e) Any act to collect, assess, or recover a claim against the insurer, except claims as provided for under chapter 631;

(f) The setoff or offset of any debt owing to the insurer, except offsets as provided in s. 631.281.

(2) Upon written request of a person or entity subject to the stay against obtaining or enforcing a judgment against an insurer or affiliate provided in paragraph (1)(b) the court, with notice to the department and upon hearing, may grant relief from the stay provided the movant, who has the burden of proof, establishes by clear and convincing evidence that the judgment is not voidable or void by a receiver and that property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer.
(3) Upon application by the department pursuant to this part for an order to show cause or upon petition, or at any time thereafter, the court may without notice issue an injunction restraining the insurer and its officers, directors, stockholders, members, subscribers, and agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

(4) The court may without notice at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the department or the proceeding, or waste of the assets of the insurer, or the commencement or prosecution of any actions, or the obtaining of preferences, judgments, attachments, or other liens, or the making of any levy against the insurer or against its assets or any part thereof.

(5) Notwithstanding any other provision of law, no bond shall be required of the department as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

Section 37. Subsection (1) of section 631.271, Florida Statutes, is amended to read:

631.271 Priority of claims.—

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

CODING: Words strucken are deletions; words underlined are additions.
(a) Class 1.--

1. All of the receiver's costs and expenses of administration.

2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.--Debts due to employees for services performed, to the extent that such debts do not exceed $2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. Such priority is in lieu of any other similar priority which may be authorized by law as to wages or compensation of employees.

(c) Class 3.--All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to his employee may be treated as a gratuity.
(d) Class 4.--Claims of the Federal Government under nonassessable policies for unearned premium or other premium refunds and claims of general creditors of the Federal Government or any state or local government. Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f).

(e) Class 5.--Claims under nonassessable policies for unearned premium or premium refunds and claims of general creditors of the Federal Government or any state or local government. Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (f).

(f) Class 6.--Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (i) filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (g) and under paragraph (h).

(g) Class 7.--Claims filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (h) and under paragraph (i). Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies.--Payments to members of...
domestic-mutual-insurance-companies-shall-be-limited-in
accordance-with-law.

(h) Class 8.--Surplus or contribution notes, or
similar obligations, and premium refunds on assessable
policies. Payments to members of domestic mutual insurance
companies shall be limited in accordance with law. The-claims
of-shareholders-or-other-owners:

(i) Class 9.--The claims of shareholders or other
owners.

Section 38. Paragraph (a) of subsection (2) of section
631.281, Florida Statutes, is amended, and subsection (4) is
added to said section, to read:

631.281 Offsets.--
(2) No offset shall be allowed in favor of any such
person where:

(a) The obligation of the insurer to such person would
not at the date of the entry of any liquidation order or
otherwise, as provided in s. 631.251, entitle him to share as
a claimant in the assets of the insurer. Any such obligation
must be fully vested and mature as of the date of the order of
liquidation and in no way contingent upon any future event or
condition precedent to allow an offset.

(4) No claim of offset shall operate to create a
secured claim.

Section 39. Section 631.392, Florida Statutes, is
created to read:

631.392 Immunity.--There shall be no liability on the
part of, and no cause of action of any nature shall arise
against the Insurance Commissioner or the department or its
employees or agents for any action taken by them in the
performance of their powers and duties under this chapter.
(Renumber subsequent sections.)

CODING: Words struck are deletions; words underlined are additions.
The Committee on Commerce recommended the following amendment which was moved by Senator and adopted:

Senate Amendment

On page 40, between lines 21 and 22

If amendment is text from another bill insert:

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<th>With Changes?</th>
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insert:

Section 55. Section 631.392, Florida Statutes, is repealed on October 1, 1991, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

(Renumber subsequent sections.)

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

* Amendment No. __, taken up by committee: Adopted *
* Offered by ________________ Failed *

(Amendment No. ____ Adopted ____ Failed ____ Date __/__/__)
The Committee on Commerce recommended the following amendment which was moved by Senator and adopted:

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amending s. 631.031, F.S.; providing for discretionary commencement of delinquency proceedings; allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order; amending s. 631.041, F.S.; providing for an automatic stay; prohibiting certain actions upon commencement of a delinquency proceeding; allowing relief from the stay under certain circumstances; providing authority to issue injunctions or orders without notice; amending s. 631.271, F.S.; revising priority with respect to distribution of claims from the insurer's estate; amending s. 631.281, F.S.; providing that a claim of offset must be fully mature as of the filing of liquidation orders; creating s. 631.392, F.S.; providing for immunity for the department and its agents and employees, including the Insurance

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

* Amendment No. __, taken up by committee: Adopted *
* Offered by Failed *

(Amendment No. ____ Adopted ____ Failed ____ Date /_/__/__)
Commissioner, in carrying out responsibilities and duties under ch. 631, F.S.;
# Senate Staff Analysis and Economic Impact Statement

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**Subject:** Insurance

**Bill No. and Sponsor:** CS/SB 368 by Commerce Committee and Senator Thomas

## I. Summary:

### A. Present Situation and Effect of Proposed Changes:

The bill amends various sections of the insurance code relating to insurance agent licensing. Generally, the bill clarifies and modifies licensing requirements, and deletes language made obsolete by case law and subsequent legislative enactments.

Several sections of this bill update the mechanics of the application procedure. Also, several sections of the insurance code relating to qualifications and eligibility for agent licenses are amended. The grounds for administrative actions against applicants or licensees in various areas of insurance are expanded to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country.

The bill expands the authority of the Department of Insurance (department) with respect to background investigations of individuals with the ability to control insurance entities. The Department of Law Enforcement (DLE) must be statutorily authorized to process fingerprints received from the department for background investigations. Under the provisions of this bill, the DLE's authority to process fingerprints is expanded to include individuals involved in the organization or management of entities subject to examination under the Florida Insurance Code. Currently, this authority exists only with respect to organizers or managers of entities subject to examination under part II of the code.

Whenever the department seeks to send an informational bulletin to all general insurance agents of the state, they must mail a letter to each agent's address, as listed in the agent's licensing file within the Division of Insurance Consumer Services. Currently, the department mails informational bulletins to all general insurance agents two or three times annually. However, insurance companies are sent informational bulletins regularly.

In 1986, ss. 624.50-624.53, F.S., were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires administrators for insured or self-insured programs which provide life and health insurance coverage to obtain a certificate of authority.

Section 626.831, F.S., requires administrators, in order to protect against insolvency, to deposit securities with the department in the amount of $50,000 for the first year of
operation. The deposit is subject to annual adjustments which may raise the requirement to 10 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount.

There is currently no requirement that insurance application forms contain the name of the insuring entity. Only the agent's name is generally on the face of an insurance policy. If the name of the insuring entity is not on the application, the insured may be unaware of the identity of the insuring entity. The insuring entity could be a licensed insurance company, commercial self-insurance fund, or other licensed insurance entity.

Section 627.672, F.S., defines credit life insurance as insurance on the life of a debtor in connection with a specific loan or other credit transaction. If the debtor dies or becomes disabled during the course of the loan, the debt is satisfied by credit life insurance. Many credit life insurance policies contain exceptions which an applicant may not be aware of when he applies for the insurance.

In the area of insurer insolvency, the bill allows proceedings for the appointment of the department as receiver by consent order, restructures the priority statute for orderly distribution of an insurer's assets, and provides for an automatic stay of all proceedings against an insurer upon the department's petition to the court for receivership.

For ease of understanding, a section-by-section analysis follows:

Section 1: Section 624.34, F.S., currently authorizes the Department of Law Enforcement (DLE) to process fingerprints of individuals involved in the organization, operation or management of domestic insurance entities, commercial self-insurance funds, prepaid legal plans, preneed ambulance plans and automobile, service or home warranty plans.

Section 624.34, F.S., expands the authority of the DLE to process fingerprints of organizers, operators or managers of any entity eligible to be examined or investigated under the provisions of the Florida Insurance Code. These entities include health maintenance organizations, prepaid health clinics, prepaid dental plans, optometric plans and pharmaceutical plans.

Section 2: Section 624.404, F.S., expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure the reasonable promise of a successful operation. Currently, the department has this authority only with respect to the management of the insurer.

Section 624.404, F.S., also provides for denial of a certificate of authority if the stockholders, subscribing, or other persons who have the ability to influence the operation of the insurer lack the appropriate character, experience, motive and financial standing for the successful operation of the insurers.

Section 3: Section 626.322, F.S., states that the registration fee for certification of persons representing insurers at U.S. military installations shall be as provided in s. 624.501, F.S., and that the certification shall be continued upon payment of a fee of $20. However, there is no provision regarding this fee in s. 624.501, F.S. This section provides a registration fee of $20 for these individuals in s. 624.501, F.S.
Section 4: Currently s. 626.221, F.S., gives a department employee 30 days to be relicensed after leaving the department without having to be reexamined. This section expands this time period to 2 years, which is consistent with the qualification period for all insurance agents, solicitors and adjusters. Under ss. 626.181 and 626.221, F.S., these individuals are given 3 years in which to apply for a license similar to the one they presently hold, without reexamination.

Section 5: In 1982 the legislature repealed the requirement that the department interview all first-time general lines agents. Applicants were required to wait for 60 days before taking the exam to allow the department to conduct the interview. Section 626.221, F.S., deletes the reference to the 60 day waiting period, now unnecessary since the legislature repealed the interview requirement.

Section 6: Section 626.251, F.S., provides the applicant choice of the location and date he wishes to take an exam; the department no longer does this.

Section 7: Section 626.281, F.S., which did provide a waiting period between insurance examinations is no longer necessary due to departmental changes.

Section 8: Chapter 72-5, Laws of Florida, required a life insurance agent to have a primary license. Chapter 85-208, L.O.F., repealed the requirement that a life insurance agent hold a primary license. This section deletes a reference to primary licenses in s. 626.511, F.S.

Section 9: Current law states that the department shall secure a credit or character report regarding first-time applicants for licensure. Section 626.521, F.S., requires the department to obtain both credit and character reports. Most applicants already furnish both reports to the department. This bill requires that all applicants must furnish both reports to the department.

Section 10: Section 626.552, F.S., is created to provide for a "mailing list" for the department by requiring each insurer and supervising or managing general agent to submit, by October 1, 1988, the name and addresses of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

This mailing list will enable the department to send information to insurance agencies rather than to each individual agent, which will significantly reduce the cost of each mailing. This cost savings is expected to allow the department to communicate with all general insurance agents on a monthly basis at a minimum.

The information obtained by the department under this bill is to be updated yearly, and may only be used for communication purposes.

Section 11: Currently, s. 626.611, F.S., provides the grounds for administrative action against applicants or licensees only if the crimes punishable by imprisonment of 1 year or more under the law of this state or any other state. Section 626.611, F.S., expands the grounds for the administrative action against applicants or licensees to include felonies or crimes punishable by imprisonment of 1 year or more under federal law, or the law of any state or country.

Section 12: See Section 11

Section 13: Currently, s. 626.731, F.S., requires applicants for a general lines agent license to be a resident of the state for one year to be eligible. In 1983, the 1st District Court
of Appeal declared this requirement unconstitutional. Scott v. Gunter, 447 So. 2d 272 (1st DCA 1983). This section deletes reference to the 1 year residency requirement. The applicant is still required to be a Florida resident.

This section also requires applicants for a general lines agent's license who were licensed as a resident licensee in another state to have their licenses canceled or converted to a nonresident basis. The applicant must furnish a letter of clearance to this effect.

This section clarifies that passing the exam is just one of the qualifications for license.

Section 14: Currently, one of the ways an individual may qualify as a general lines agent is to have experience with a general lines agent or insurance company. Section 626.732, F.S., expands the types of employment which may be used to qualify by experience. This will permit applicants who are employees of a self-insurance entity, risk managers of a governmental entity, or department employees to qualify as a general lines agents.

This section also deletes reference to the 60 day waiting period (see Section 9).

Section 15: Section 626.735, F.S., expands the types of employment which an applicant for a solicitors license may use to qualify by experience (see Section 14); clarifies that passing an exam is just one of the qualifications for license; and requires applicants to cancel resident licenses in former state of residence when qualifying in Florida as a resident licensee. Thus, applicants must furnish the department with a letter of clearance.

Section 16: Section 626.739, F.S., deletes reference to the 1 year residency requirement (see Section 13) and reference to the 60 day waiting period (see Section 15).

Section 17: Section 626.740, F.S., deletes reference to the 30 day waiting period for applicants wishing to retake the examination.

Section 18: Section 626.755, F.S., requires applicants for a life insurance license to furnish the department with a letter of clearance (see Section 13). These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement.

Section 19: Section 626.790, F.S., deletes reference to the 30 day waiting period for applicants wishing to retake the examination.

Section 20: Section 626.732, F.S., clarifies that "province" refers to the Province of Canada.

Requires a non-resident life licensee to remain continuously licensed as a resident licensee in his home state or province during the existence of his Florida non-resident license.

Section 21: Section 626.831, F.S., requires applicants for a health insurance license to furnish the department with a letter of clearance (see Section 13).

Section 22: Section 626.835, F.S., clarifies that "province" refers to the Province of Canada. Imposes a continuous license requirement with respect to non-resident health licensees (see Section 20).
Section 23: Section 626.854, F.S., clarifies that people who prepare, complete or file insurance claim forms for compensation are subject to the public adjuster law. It facilitates their operation by providing for a public adjuster license limited to health insurance. It does not affect health care providers preparing their forms for patients.

Section 24: Chapter 84-743, L.O.F., authorized the issuance of a limited lines adjuster's license to individuals who are employees of an all lines adjuster. Section 626.869, F.S., requires that these individuals be located in the office of the all lines adjuster responsible for their supervision and instruction.

Department representatives contend that the original intent when they proposed the language in 1982 was to insure that limited lines adjusters receive supervision. This section is consistent with this intent.

Section 25: Section 626.88, F.S., is amended to provide that the term "administrator" includes persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Since the term "administrator" is expected, administrators of commercial self-insurance funds are required to obtain a certificate of authority. Paragraph 626.88(1)(d), F.S., clarifies that a health care services plan, health care services corporation which possesses a valid certificate of authority is not deemed to be an "administrator" if its activities are limited to those authorized by its certificate of authority.

Paragraph 626.88(1)(e), F.S., expands one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance. Also, the definition of "insurer" is expanded to include commercial self-insurance funds for the purpose of regulation of administrators.

Section 26: Section 626.8805, F.S., provides that an administrator, who obtains a certificate of authority, may be authorized to administer commercial self-insurance funds, or life and health programs, or both.

Section 27: Section 626.8810, F.S., is created to require administrators to maintain a fidelity bond. The fidelity bond will afford protection against economic loss and be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled or managed annually by the administrator not to exceed $50,000, unless a greater amount is required by the department.

Section 28: Section 626.831, F.S., is revised regarding grounds for suspension or revocation of the certificate of authority of an administrator, by changing the reference from "deposit" previously required by s. 626.8309, F.S., to "fidelity bond" required by s. 626.8809, F.S. The department is authorized to suspet the certificate of authority of an administrator if a fidelity bond is not maintained.

Section 29: Health care risk managers are issued certificates by the department in accordance with s. 626.543, F.S. This section deletes all reference to the term "licensed" and substitutes the correct term, "certified."

Section 30: See Section 29.

Section 31: Section 627.4085, F.S., as created would require all application forms for insurance policies or annuity contracts to have the name of the insuring entity prominently
displayed on the first page of the form at the time the
coverage is bound or premium is quoted.

Excludes surplus lines business under the provisions of ss.
626.913-626.937, F.S., from the requirement that the name of
the insurance entity must be prominently displayed on the first
page of the application.

The effective date of January 1, 1989, allows affected persons
or entities time to modify application forms if necessary to
conform with this chapter.

Section 32: Section 627.679, F.S., is amended to require that
before credit life insurance is sold, the creditor agent or
credit life agent must obtain a separate written
acknowledgement that the applicant understands the benefits
under the policy will terminate when the applicant reaches a
certain age. The applicant must also verify that his age is
accurately represented on the application.

The agent must also obtain a written acknowledgement that the
applicant understands the credit life coverage may be deferred
if, at the time of application, he is unable to engage in
employment or perform normal activities. If the policy contains
this restriction.

Section 33: Subsection (2) of section 627.9175, F.S., which
requires the department to publish health insurers loss ratios
is repealed.

Currently, the publication of the loss ratios for accident and
health insurance companies licensed to sell insurance in
Florida results in six pages of multiple columns of loss
ratios.

The department contends that these numbers are unintelligible,
due to the many factors influencing a loss ratio, including
higher loss incidence and the age of the group insured.
Additionally, a loss ratio may not be indicative of a company's
financial condition, or whether the policy is the best buy for
an individual.

The department will still collect loss ratio information from
the insurance companies.

Section 34: Section 628.071, F.S., expands the authority of
the department to withhold a permit for the formation of a
domestic insurer if the department finds that the stockholders,
organizers, incorporators, subscribers or persons with the
ability to control the proposed insurer, do not possess the
character, experience, financial standing, and motives to form
an insurer.

Currently, s. 622.071, F.S., only requires that the proposed
officers and directors have sufficient insurance experience and
ability to assure reasonable promise of a successful operation.

Section 35: Section 631.031, F.S., as amended will allow the
department to commence receivership proceedings in the event of
insurer insolvency by petitioning the court for the entry of a
consent order of conservation, rehabilitation, or liquidation.
Currently, s. 631.03, F.S., only provides for commencement of
these proceedings by a show cause order, which does not address
situations where an insurer has voluntarily requested the
department to commence proceedings. The consent order provided
for by this section is more appropriate than a show cause order
for this purpose.

Section 36: Section 631.041, F.S., provides that the filing of
a petition by the department for an order of conservator,
rehabilitation, or liquidation creates in automatic stay of all
proceedings, including the commencement or continuation of actions against the insurer, enforcement of judgments, acts to create, perfect or enforce liens against property of the insurer, and the offset of debts owed to the insurer. The stay is permanent, and will survive the entry of an order of conservation, rehabilitation, or liquidation.

The court may grant relief from the stay, provided that the person or entity seeking to enforce or obtain a judgment against the insurer, establishes by clear and convincing evidence that the judgment is not voidable and that the property from which the judgment would be satisfied does not constitute premium funds or another asset of the insurer.

This section also allows the court to issue injunctions without notice to persons or entities which may have claims against the insurer.

Currently, the department must seek injunctions in order to preserve the assets of the insurer for orderly distribution under the priority statute (s. 631.271, F.S.). The process of seeking an injunction can create a rush to the court to file claims before an injunction can be obtained. An automatic stay prevents these claims from being filed, and relieves the department of the responsibility of filing appropriate motions for injunctions. Automatic stays are used in this manner in federal bankruptcy proceedings.

This section also specifies that the court may issue additional injunctions at any time during the insolvency proceeding without notice to those who may have claims against the insurer. Currently s. 631.241(2), F.S., allows the court to issue additional injunctions, however, the statute is silent on notice requirements. The preservation of an insurer's assets for orderly distribution under chapter 631 would be impeded if the receiver were required to track down and file notice in every lawsuit - the state involving the insurer before an injunction were effective.

Section 37: Currently, s. 631.271, F.S., establishes a priority system for payment of claims in insurer liquidation proceedings. The statute requires claims to be paid in the following order: Class 1 -- receiver's expenses of administration; Class 2 -- debts due to employees; Class 3 -- claims of policyholders; Class 4 -- claims of general creditors; Class 5 -- claims of federal, state and local governments; Class 6 -- late claims; Class 7 -- surplus or contribution rates; and Class 8 -- claims of shareholders. If the insurer's assets are insufficient to make distributions to all claimants, full distributions will first be made to those in the highest priority class. In a recent case in Federal district court, the federal government asserted its claims for priority of payment under section 512 of title 11 of the U.S. Code. The court in this case held that the state priority statute is not superseded by the federal statute by virtue of the application of the McCarran-Ferguson Act. The federal government has appealed this case.

Section 631.271, F.S., as amended changes the priority class of claims of the federal government. Class 3 to Class 4 which places their claims ahead of general creditors and state and local governments. The department contends that this change increases the state's chances of prevailing in federal litigation with the federal government over the legality of the state's priority system, since the only claims to be paid before it are the receiver's expenses, employee debts, and policyholders.

Section 38: Currently, s. 631.281, F.S., provides that mutual debts or mutual credits between the insurer and another person in connection with insolvency proceedings may be "offset," and
only the balance allowed as a claim or required to be paid to the receiver.

Section 631.281, F.S., clarifies the law with respect to offsets. It provides that no offsets shall be allowed unless the claim of offset is fully mature when the order directing liquidation is filed. The debt must be due, or the credit must be earned, as of the date of the liquidation order, in order for the receiver to allow the offset.

Additionally, this section clarifies that an offset shall not operate to create a secured claim. For the purpose of chapter 631, secured claim is defined in s. 631.011(5), F.S.

Section 39: Section 631.392, F.S., is created to provide immunity from liability for the department, department agents and employees, and the Insurance Commissioner for any action taken by them in performance of their duties under the Insurers Rehabilitation and Liquidation Act. Similar immunity language already exists with respect to part II, the Florida Insurance Guaranty Association Act, and part III, the Florida Life and Health Insurance Guaranty Association Act, of chapter 631.

Section 40: Section 632.629, F.S., dealing with fraternal benefit societies is amended by requiring a society to renew its license annually by paying the annual license tax fee prior to June 1 and by continually meeting the applicable requirements of the Florida Insurance Code. If the license is not renewed by the society, it expires on May 31, 1987, following the society's failure to renew. The Department of Insurance shall notify a society of the impending expiration of its license.

The bill also provides that the department may reinstate a license a society has inadvertently allowed to expire after the society has cured the failures which resulted in its expiration, and paid the reinstatement fee provided for in s. 624.501(1)(b), F.S. If the department does not reinstate the license, the society may obtain a license only by meeting the requirements for an original license.

Section 41: Section 632.638, F.S., requires fraternal benefit agents to qualify for licensure in the same manner as life and health agents.

This section adds parts III and IV of chapter 626, addressing the qualifications of life and health insurance agents, to the list of laws applicable to fraternal benefit societies. This is intended to eliminate any confusion as to which parts of chapter 626, F.S., apply to fraternal benefit societies.

Sections 42-47, 49 & 50: Sections 634.181, 634.191, 634.320, 634.321, 634.422, 634.423, 642.041, and 642.043, F.S., expands the grounds for administrative action against salesmen of motor vehicle service agreements, sales representatives of home or service warranties and persons authorized to engage in legal expense insurance business, to include felonies or crimes punishable by imprisonment of 1 year or more under federal law, or the law of any state or country (see Section 11).

Section 48: Section 637.415, F.S., provides that the grounds for administrative action against dental service plan representatives shall be as set forth in ss. 626.611 through 626.691, F.S., which are applicable to all insurance field representatives.

Section 51: Section 648.315, F.S., provides limited surety agents and bail bondsmen with the same time period in which to reapply for a license without reexamination as is currently provided for insurance field representatives under s. 626.181, F.S.
Section 52: Section 648.34, F.S., requires applicants for a bail bondsman license to furnish the department with a letter of clearance. Clarifies that passing an exam is just one of the qualifications for license.

Deletes reference to a $10 application fee, since s. 624.501, F.S., provides for fees which reflect the actual cost of examination.

Requires a character report in addition to the credit report required by s. 648.34, F.S. Provides that this information is privileged.

Section 53: Section 648.37, F.S., requires letter of clearance and character reports for runners, and provides for confidentiality of the reports (see Section 52).

Section 54: Section 645.34, F.S., is amended with respect to bail bondsmen to accommodate the legislative requirement that the department change its testing procedure from manual to automated.

Deletes reference to the 60 day waiting period (see Section 5).

Eliminates reference to a $10 examination fee, since s. 624.501, F.S., provides for fees which reflect the actual cost of examination.

Section 55: In 1984, the renewal date for bail bondsmen licenses was changed from September 1 to March 1. A reference to this renewal date in s. 648.39, F.S., was inadvertently left unchanged. Section 648.19, F.S., corrects this error so that the renewal date is March 1 of each odd-numbered year.

Section 56: Sections 626.831 and 626.861, F.S., which require a minimum deposit for administrators are repealed. Under this act, a fidelity bond is required by administrators (see Sections 27 and 28).

Section 57: This bill creates s. 626.552, F.S., which is repealed on October 1, 1995, and shall be reviewed by the Legislature before that date.

Section 58: This bill creates s. 626.5539, F.S., which is repealed on October 1, 2000, and shall be reviewed by the Legislature before that date.

Section 59: This bill creates s. 627.4055, F.S., which is repealed on October 1, 1992, and shall be reviewed by the Legislature before that date.

Section 60: This bill creates s. 631.392, F.S., which is repealed on October 1, 1991, and shall be reviewed by the Legislature before that date.

Section 61: This bill creates s. 648.315, F.S., which is repealed on October 1, 1990, and shall be reviewed by the Legislature before that date.

Section 62: Provides an effective date, subject to exceptions otherwise provided within the bill.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Insurance industry representatives indicate that some additional administrative costs are likely and that such costs could be passed on to the public. It is indeterminate at this time as to any specific costs that would occur.
Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the department. However, administrators will realize savings associated with the difference in cost between depositing securities or obtaining a fidelity bond and maintaining a fidelity bond.

B. Government:

Representatives from the department have advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to service a commercial self-insurance fund.

The bill would decrease the cost of the department's mailings to agents (approximately $25,000 per mailing) since there are fewer insurance agencies (less than 5,000) than insurance agents (over 80,000) in the state. The cost of a mailing under the new method is estimated by department officials to be less than $2,000. Therefore, the department could increase the frequency of its communications to agents at an overall savings to the government.

With respect to the order in which claims will be paid in the event of insurer insolvency, it is probable that state and local governments will not collect claims against the insurer, since the bill makes the claims of the federal government superior to state and local claims. Currently, state and local governments seldom collect claims, since the insurer's assets seldom exceed administrative expenses, debts due employees, claims of policyholders, and the claims of general creditors, which all have priority over state and local claims.

III. Comments:

The contents of this bill are substantially similar to the contents of Senate Bills 556, 566, 569, 570, 571 and 586 from the 1987 legislative session which were reported out of various Senate committees but died on the House and Senate Calendars. All the above bills and additional provisions were contained in House Bill 1402 which died in the Senate Commerce Committee.

IV. Amendments:

None.
I. SUMMARY:

This bill amends various sections of the insurance code with respect to the regulatory authority of the Department of Insurance. Sections amended include those pertaining to: agent licensing, certificates of authority, content of insurer contracts, administrative action against licensees, insurance administrators, insurer insolvency, fraternal benefit societies, and bail bondsmen.

A. Current Law and Present Situation:

Under s. 624.307, F.S., the Department of Insurance has the authority to enforce the provisions of the insurance code. In accordance with this authority, the department regulates the insurance industry through a variety of functions, including issuing certificates of authority, licensing agents, approving the content of contracts for insurance, commencing administrative action for violations of the code, and petitioning the court for receivership in the event of insurer insolvency. Additionally, the department disseminates information to insurers and agents regarding statutory and regulatory requirements.

B. Effect of Proposed Changes:

The bill amends various sections of the insurance code relating to insurance agents, insurance entity licensing and insurer insolvency proceedings. Generally, the bill clarifies and modifies licensing requirements and deletes language made
obsolete by subsequent legislative enactments. The bill also imposes additional requirements with respect to certain types of insurance applications.

The bill expands the authority of the Department of Insurance with respect to background investigations of individuals with the ability to control insurance entities. The Department of Law Enforcement (DLE) must be statutorily authorized to process fingerprints received from the Department of Insurance for background investigations. Under the provisions of this bill, the DLE's authority to process fingerprints is expanded to include individuals involved in the organization or management of entities subject to examination under the Florida Insurance Code. Currently, this authority exists only with respect to organizers or managers of entities subject to examination under part II of the code.

The bill also expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure a reasonably successful operation. Currently, the department has this authority only with respect to the management of the insurer.

Several sections of this bill update the mechanics of the application procedure for agent licensing. For example, in 1982 the legislature repealed the requirement that all first-time general lines agent applicants be interviewed. Sections 626.231 and 626.732(3), F.S., require applicants to wait 60 days before taking the exam to allow the Department of Insurance to conduct interviews. Since the interview is no longer required, the waiting period is unnecessary. This bill deletes all reference to the waiting period.

The bill also amends several sections of the insurance code relating to qualifications and eligibility for agent licenses. For example, the bill requires applicants for licenses who are resident licensees in their former state of residence to cancel these licenses or covert them to a non-resident status. Applicants shall furnish the department a letter of clearance to this effect.

The bill expands the grounds for administrative action against applicants or licensees in various areas of insurance to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. Currently, the grounds only include felonies punishable by imprisonment of one year or more under the law of this state or any other state.

In 1986, ss. 624.460-624.488, F.S., were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires
administrators for insured or self-insured programs which provide life and health insurance coverage to obtain a certificate of authority.

The bill requires administrators of commercial self-insurance funds to obtain a certificate of authority by expanding the definition of the term "administrator." The bill authorizes an administrator, who obtains a certificate of authority, to administer commercial self-insurance funds, or life and health programs, or both. Additionally, the bill repeals the requirement that administrators either deposit securities with the Department of Insurance or obtain a surety bond and, in lieu thereof, requires administrators to obtain a fidelity bond.

The bill amends sections regulating the sale of surplus lines insurance, specifically exempting these lines from the rating laws, and providing an additional method by which an insurer may become eligible to offer surplus lines insurance in this state.

To facilitate the dissemination of information by the department, the bill creates a "mailing list" by requiring each insurer and supervising or managing general agent to submit annually, the name and address of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

With respect to applications for insurance, the bill requires the name of the insurer to be prominently displayed on the first page of the application for specified types of insurance. The bill also imposes additional disclosure requirements for the sale of credit life insurance.

In the area of insurer insolvency, the bill allows proceedings for appointment of the department as receiver by consent order, restructures the priority statute for orderly distribution of an insurer's assets, and provides for an automatic stay of all proceedings against an insurer upon the department's petition to the court for receivership.

A more detailed explanation of this bill is provided in the section by section analysis which follows.

Section-by-Section Analysis:

Section 1: Provides that the civil remedy provisions of s. 624.155, F.S., shall not be construed to create a cause of action against an insurer who releases information regarding an insured to a law enforcement agency investigating a criminal act relating to motor vehicle theft of insurance claim. In the past insurers have been reluctant to provide this information to law enforcement officers, due to the risk of liability to the insured for release of this information.
Section 2: Codifies the department's policy of not subjecting surplus lines insurance to the rating laws of part I, chapter 627, F.S. Since surplus lines are insurance coverages not available from insurers authorized to do business in this state, strict rating requirements may cause an unavailability of needed coverages.

Section 3: Currently, s. 624.34, F.S., authorizes the DLE to process fingerprints of individuals involved in the organization, operation or management of domestic insurance entities, commercial self-insurance funds, prepaid legal plans, preneed ambulance plans and automobile, service or home warranty plans.

The bill expands the authority of the DLE to process fingerprints of organizers, operators or managers of any entity eligible to be examined or investigated under the provisions of the Florida Insurance Code. These entities include health maintenance organizations, prepaid health clinics, prepaid dental plans, optometric plans and pharmaceutical plans.

Section 4: Expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure the reasonable promise of a successful operation. Currently, the department has this authority only with respect to the management of the insurer.

This section also provides for denial of a certificate of authority if any person who has the ability to influence the operation of the insurer lacks the business experience and financial standing for the successful operation of the insurer.

Section 5: Section 626.322, F.S., states that the registration fee for certification of persons representing insurers at U.S. military installations shall be as provided in s. 624.501, F.S., and that the certification shall be continued upon payment of a fee of $20. However, there is no provision regarding this fee in s. 624.501, F.S. This section designates in s. 624.501, F.S., a registration fee of $20 for these individuals.

Section 6: Currently department employees are not permitted to be licensed as insurance representatives while employed by the department. Section 626.221, F.S., allows department employees who held an agent's license prior to becoming a department employee 30 days to be relicensed after leaving the department without having to be reexamined. This section expands this time period to 2 years, which is consistent with the qualification period for all insurance agents, solicitors and adjusters. Under ss. 626.181 and 626.221, F.S., these individuals are given 2 years in which to apply for a license similar to the one they presently hold, without reexamination.

Section 7: In 1982 the legislature repealed the requirement that the department interview all first-time general lines agents. Applicants were required to wait 60 days before taking the exam to allow the department to conduct the interviews.
This section deletes reference to the 60 day waiting period, now unnecessary since the legislature repealed the interview requirement.

Section 8: Currently, the applicant for licensure chooses the location and date he or she wishes to take an examination, the department no longer does this. This section conforms s. 626.251, F.S., to this practice.

Section 9: Clarifies filing procedures for examinations to facilitate reexamination of an applicant who either fails or fails to appear for a prior exam.

Section 10: Chapter 85-208, Laws of Florida, repealed the requirement that a life insurance agent have a primary license. This section deletes a reference to primary licenses in s. 626.511, F.S.

Section 11: Section 626.521, F.S., states that the department shall secure a credit or character report regarding first-time applicants for licensure. This section requires the department to obtain both credit and character reports. Most applicants already furnish both reports to the department.

Section 12: This section creates a "mailing list" for the department by requiring each insurer and supervising or managing general agent to submit, by October 1, 1988, the name and address of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

This mailing list will enable the department to send information to insurance agencies rather than to each individual agent, which will significantly reduce the cost of each mailing. This cost savings will in turn allow the department to increase its communications to agents.

The information obtained by the department under this section is to be updated yearly, and may only be used for communication purposes.

Section 13: Expands grounds for compulsory administrative action against applicants or licensees to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. Currently, the grounds for administrative action only include having been found guilty of, or having pleaded guilty or nolo contendere to a felony in this state or any other state.

Section 14: Conforms provisions for discretionary administrative actions. (See Section 13)

Section 15: Section 626.731 requires applicants for a resident general lines agent license to be a resident of the state for one year to be eligible. In 1983, the 1st District Court of Appeal declared this requirement unconstitutional. This section...
deletes reference to the one year residency requirement. The applicant is still required to be a Florida resident.

This section also requires applicants for a general lines agent's license who were licensed as a resident licensee in another state to have their licenses canceled or converted to a nonresident basis. The applicant must furnish a letter of clearance to this effect. Currently, life and health agents must cancel a resident license in another state to qualify for a resident license in Florida. This section imposes the same requirement with respect to general lines agents.

This section clarifies that these applicants must also pass any required exams to qualify for a license.

Section 16: Currently, one of the ways an individual may qualify as a general lines agent is to have experience with a general lines agent or insurance company. This section expands the types of employment which may be used to qualify by experience. This will permit applicants who are employees of a self-insurance fund, risk managers of a governmental entity, or department employees, to qualify as general lines agents based on their insurance duties in all lines of property and casualty insurance.

This section also deletes reference to the 60 day waiting period (See Section 7).

Section 17: Requires applicants for a solicitors license to cancel resident licenses in their former state of residence in order to qualify for a resident Florida license. Expands the types of employment which an applicant for a solicitors license may use to qualify by experience (See Section 16). Clarifies that these applicants must also pass any required exams to qualify for a license.

Section 18: Deletes reference to the one year residency requirement (See Section 13). Deletes reference to the 60 day waiting period (See Section 5).

Section 19: Clarifies application and fee requirements for reexamination.

Section 20: Requires applicants for a life insurance license to furnish the department with a letter of clearance (See Section 15). These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement.

Section 21: Clarifies application and fee requirements for reexamination.

Section 22: Clarifies that "province" refers to the Province of Canada for purposes of the licensure of nonresident life insurance agents.
Requires a non-resident life licensee to remain continuously licensed as a resident licensee in his home state or province during the existence of his Florida non-resident license.

Section 23: Requires applicants for a health insurance license to furnish the department with a letter of clearance. These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement. (See Section 15)

Section 24: Clarifies that "province" refers to the Province of Canada for purposes of the licensure of nonresident health insurance agents. Imposes a continuous license requirement with respect to nonresident health licensees. (See Section 22)

Section 25: Requires persons who prepare insurance claims forms for compensation to be licensed under s. 626.865, F.S., as public adjusters. Licensed health care providers and their employees who file health insurance claims forms for patients are exempted.

Section 26: Chapter 84-243, Laws of Florida, authorized the issuance of a limited lines adjuster's license to individuals who are employees of an all lines adjuster. This section requires that these individuals be located in the office of the all lines adjuster responsible for their supervision and instruction. Public adjusters limited to health insurance are exempted from this requirement.

Officials from the department contend that the original intent when they proposed the language in 1982 was to ensure that limited lines adjusters receive supervision. This section is consistent with this intent.

Section 27: Requires administrators of commercial self-insurance funds to obtain a certificate of authority by expanding the definition of the term "administrator" to include persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Currently, only administrators for insured or self-insured programs which provide life and health insurance are required to obtain a certificate of authority.

This section clarifies that a health care services plan, health maintenance organization, or professional service plan corporation which possesses a valid certificate of authority is not deemed to be an "administrator" if its activities are limited to those authorized by its certificate of authority. This section enlarges one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance.
Expands the definition of "insurer" to include commercial self-insurance funds for the purpose of regulation of administrators.

Section 28: Authorizes an administrator, who obtains a certificate of authority, to administer commercial self-insurance funds, or life and health programs, or both. A certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 29: Present law, s. 626.881, F.S., requires administrators, in order to protect against insolvency, to deposit securities with the department in the amount of $50,000 for the first year of operation. The deposit is subject to annual adjustments which may raise the requirement to 10 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount. Because of the expense involved with posting securities or obtaining a surety bond, this section repeals s. 626.881, F.S., and creates s. 626.8809, F.S., which requires administrators to maintain a fidelity bond. The fidelity bond will be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled annually by the administrator not to exceed $500,000, unless a greater amount is required by the department.

Section 30: Revises s. 626.891, F.S., regarding grounds for suspension or revocation of the certificate of authority of an administrator, by changing the reference from "deposit" previously required by s. 626.881, F.S., to "fidelity bond" required by s. 626.8809, F.S. The bill authorizes the Department of Insurance to suspend the certificate of authority of an administrator if a fidelity bond is not maintained.

Section 31: Allows an insurer not authorized to do business in this state to transact surplus lines insurance in this state, if it is the wholly owned subsidiary of a state authorized insurer. Surplus lines is insurance coverage which is unobtainable from insurers licensed in this state. Currently, in order to transact surplus lines insurance, the insurer must have been licensed in another state for the previous 3 years, or be the wholly owned subsidiary of a surplus lines insurer that has been eligible to offer surplus lines insurance for the previous 3 years. The 3-year requirement acts as a safeguard against "fly by night" operations, and provides the department with a record of the insurer's reputation. Allowing wholly owned subsidiaries of insurers licensed in this state to become eligible surplus lines insurers provides the public with additional sources of insurance, and maintains adequate safeguards for the consumer.

Section 32: Health care risk managers are issued certificates by the department in accordance with s. 626.943, F.S. This section deletes all reference to the term "license" and substitutes the correct term, i.e. "certificate."
Section 33: See Section 32.

Section 34: Requires all application forms for insurance policies or annuity contracts to have the name of the insuring entity prominently displayed on the first page of the form at the time the coverage is bound or premium is quoted.

There is currently no requirement that insurance application forms contain the name of the insuring entity. When the name of the insuring entity is not on the application, an insured who has not yet received his policy and wishes to file a claim, may not know who his insurer is. The name of the insured on the application will inform the applicant as to the identity of his insurer. Surplus lines entities as defined in ss. 626.913-626.937, F.S., are exempted from this requirement.

Section 35: This section requires that before credit life insurance is sold, the creditor agent or credit life agent must obtain a separate written acknowledgement that the applicant understands the benefits under the policy will terminate when the applicant reaches a certain age. The applicant must also verify that his age is accurately represented on the application.

The agent must also obtain a written acknowledgement that the applicant understands the credit life coverage may be deferred, if, at the time of application, he is unable to engage in employment or perform normal activities, if the policy contains this restriction.

These requirements are intended to increase the credit life policyholder's awareness of the limits of his policy, and to prevent misrepresentation of age for the purpose of qualifying applicants who would otherwise be ineligible for coverage.

Section 36: Deletes the requirement that the department publish health insurer loss ratios. Currently, the publication of the loss ratios for accident and health insurance companies licensed to sell insurance in Florida results in six pages of multiple columns of loss ratios.

The department contends that these numbers are unintelligible, due to the many factors influencing a loss ratio, including higher loss incidence and the age of the group insured. Additionally a loss ratio may not be indicative of a company's financial condition, or whether the policy is the best buy for an individual.

The department will still collect loss ratio information from the insurance companies.

Section 37: Expands the authority of the department to withhold a permit for the formation of a domestic insurer if the department finds that the stockholders, organizers, incorporators, subscribers or persons with the ability to
control the proposed insurer do not possess the financial standing and business experience to form an insurer.

Currently, s. 628.071, F.S., only requires that the proposed officers and directors have sufficient insurance experience and ability to assure reasonable promise of a successful operation.

Section 38: Allows the department to commence receivership proceedings in the event of insurer insolvency by petitioning the court for the entry of a consent order of conservation, rehabilitation, or liquidation. Currently, s. 631.031, F.S., only provides for commencement of these proceedings by a show cause order, which does not address situations where an insurer has voluntarily requested the department to commence proceedings. The consent order provided for by this section is more appropriate than a show cause order for this purpose.

Section 39: Provides that the filing of a petition by the department for an order of conservation, rehabilitation, or liquidation creates an automatic stay of all proceedings, including the commencement or continuation of actions against the insurer, enforcement of judgments, acts to create, perfect or enforce liens against property of the insurer, and offset of debts owing to the insurer. The stay is permanent, and will survive the entry of an order of conservation, rehabilitation, or liquidation.

The court may grant relief from the stay, provided that the person or entity seeking to enforce or obtain a judgment against the insurer, establishes by clear and convincing evidence that the judgment is not voidable and that the property from which the judgment would be satisfied does not constitute premium funds or another asset of the insurer.

This section also allows the court to issue injunctions without notice to persons or entities which may have claims against the insurer.

Currently, the department must seek injunctions in order to preserve the assets of the insurer for orderly distribution under the priority statute (s. 631.271, F.S.). The process of seeking an injunction can create a rush to the court to file claims before an injunction can be obtained. An automatic stay prevents these claims from being filed, and relieves the department the responsibility of filing appropriate motions for injunctions. Automatic stays are used in this manner in federal bankruptcy proceedings.

This section also specifies that the court may issue additional injunctions at any time during the insolvency proceeding without notice to those who may have claims against the insurer. Currently s. 631.041(2), F.S., allows the court to issue additional injunctions, however, the statute is silent on notice requirements. The preservation of an insurer's assets for orderly distribution under chapter 631 would be impeded if the receiver were required to track down and file notice in every
lawsuit in the state involving the insurer before an injunction were effective.

Section 40: Currently, s. 631.271, F.S., establishes a priority system for payment of claims in insurer liquidation proceedings. The statute requires claims to be paid in the following order: Class 1 - receiver's expenses of administration; Class 2 - debts due to employees; Class 3 - claims of policyholders; Class 4 - claims of general creditors; Class 5 - claims of federal, state and local governments; Class 6 - late claims; Class 7 - surplus or contribution notes; and Class 8 - claims of shareholders. If the insurer's assets are insufficient to make distributions to all claimants, full distributions will first be made to those in the highest priority class. In a recent case in Federal district court, the federal government asserted its claim for priority of payment under section 3713 of Title 31 of the U.S. Code. The court in this case held that the state priority statute is not superseded by the federal statute by virtue of the application of the McCarran-Ferguson Act. The federal government has appealed this case.

This section changes the priority class of claims of the federal government Class 5 to Class 4 which places their claims ahead of general creditors and state and local governments. The department contends that this change increases the state's chances of prevailing in federal litigation with the federal government over the legality of the state's priority system, since the only claims to be paid before it are the receiver's expenses, employee debts, and policyholders.

Section 41: Under s. 631.281, F.S., mutual debts or mutual credits between the insurer and another person in connection with insolvency proceedings may be "offset," and only the balance allowed as a claim or required to be paid to the receiver.

This section clarifies the law with respect to offsets. It provides that no offsets shall be allowed unless the claim of offset is fully mature when the order directing liquidation is filed. The debt must be due, or the credit must be earned, as of the date of the liquidation order, in order for the receiver to allow the offset.

This section also clarifies that an offset shall not operate to create a secured claim. For the purpose of chapter 631, secured claim is defined in s. 631.011(5), F.S.

Section 42: Provides immunity from liability for the department, department agents and employees, and the Commissioner of Insurance for any action taken by them in performance of their duties under the Insurers Rehabilitation and Liquidation Act. Similar immunity language already exists with respect to part II, the Florida Insurance Guaranty Association Act, and part III, the Florida Life and Health Insurance Guaranty Association Act, of chapter 631.
Section 43: Currently, there is some confusion as to whether a fraternal benefit society must renew its license annually. Section 632.629, F.S., states that licensed societies may transact business until June 1, and may renew its license annually. This section further states that a license shall continue in full force until the new license is issued or specifically refused. Some argue this language is ambiguous with regard to when a license expires, which has led to an administrative hearing on the matter.

This section eliminates confusion with respect to the expiration date of a license and the necessity of annual renewal. The language used in this section is modeled after s. 624.416, F.S., relating to insurer's licenses, and is intended to operate in the same manner.

Section 44: Section 632.634, F.S., requires fraternal benefit agents to qualify in the same manner as life and health agents.

This section adds parts III and IV of chapter 626, addressing the qualifications of life and health insurance agents, to the list of laws applicable to fraternal benefit societies. This is intended to eliminate any confusion as to which parts of chapter 626 apply to fraternal benefit societies.

Section 45: Permits home warranty associations to issue contracts which can be renewed 9 times. Currently, home warranty policies are limited to 4 renewals. These policies are offered in conjunction with the sale of residential property or home improvement loan, to insure structural components and home appliances. There is currently a demand for 10 year policies since many mortgage companies are now requiring this insurance in conjunction with home mortgages.

Section 46: See Section 45.

Section 47: See Section 45.

Sections 48-53, 55 & 56: These sections expand the grounds for administrative action against salesmen of motor vehicle service agreements, sales representatives of home or service warranties and persons authorized to engage in legal expense insurance business, to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. (See Section 13)

Section 54: Provides that the grounds for administrative action against dental service plan representatives shall be as set forth in ss. 626.611-626.691, F.S., which are applicable to all insurance field representatives.

Section 57: This section provides bail bondsmen with the same time period in which to reapply for a license without reexamination as is currently provided for insurance field representatives under s. 626.181, F.S.
Section 58: Requires applicants for a bail bondsmen license to furnish the department with a letter of clearance. Clarifies that applicants must also pass an exam to be licensed.

Deletes reference to a $10 application fee, since s. 624.501, F.S. provides for fees which reflect the actual cost of examination.

Requires a character report in addition to the credit report required by s. 648.32, F.S. Provides that this information is privileged.

Section 59: Requires letter of clearance and character reports for runners, and provides for confidentiality of the reports.

Section 60: Amends the law with respect to bailbondsmen to accommodate the legislative requirement that the department change its testing procedure from manual to automated.

Deletes reference to the 60 day waiting period. (See Section 7)

Eliminates reference to a $10 examination fee, since s. 624.501, F.S. provides for fees which reflect the actual cost of examination.

Section 61: In 1984, the renewal date for bailbondsmen licenses was changed from September 1 to March 1. A reference to this renewal date in s. 648.39, F.S., was inadvertently left unchanged. This section corrects this error.

Section 62: Repeal of ss. 626.881 and 626.8811, F.S. These sections require a minimum deposit for administrators. A fidelity bond is required instead. (See Sections 29 & 30)

Sections 63-67: Provide for sunset repeal of sections created by this act.

Section 68: Provides an effective date of October 1, 1988, unless otherwise provided in this act. Sections 3, 4, 37, and 43 will take effect upon becoming a law; section 12 will take effect on July 1, 1988; and sections 34 and 35 will take effect on January 1, 1989.

II. **ECONOMIC IMPACT:**

A. **Public:**

Persons currently completing health insurance forms for individuals will have to obtain a public adjusters license, which will cost between $55 and $75. It is possible this cost will be passed on to the consumer.

Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the Department of Insurance. However, administrators will realize savings
associated with the difference in cost between depositing securities or obtaining a surety bond and maintaining a fidelity bond.

B. Government:

The Department of Insurance has advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to service a commercial self-insurance fund.

With respect to the order in which claims will be paid in the event of insurer insolvency, it is probable that state and local governments will not collect claims against the insurer, since the bill makes the claims of the federal government superior to state and local claims. Currently, state and local governments seldom collect claims, since the insurer's assets seldom exceed administrative expenses, debts due employees, claims of policyholders, and the claims of general creditors, which all have priority over state and local claims.

III. LONG RANGE CONSEQUENCES:

None

IV. COMMENTS:

Virtually identical provisions of this bill were introduced last session in HB 1402, which died on the calendar.

V. LEGISLATIVE HISTORY:

Enacted Bill:

Senate Bill 368 was heard by the Senate Commerce Committee on 4/11/88. The Commerce Committee adopted a committee substitute which added provisions relating to insolvency proceedings. On 4/20/88, the Appropriations Committee adopted a committee substitute for CS/SB 368, which deleted subjective criterion used by the department to deny certificates of authority. (See Sections 4 & 37) CS/CS/SB 368 passed the Senate on 4/28/88 by a vote of 37-0.

On 5/24/88, the House substituted CS/CS/SB 368 for HB 1553 and adopted 8 amendments. These amendments added provisions relating to home warranty contracts (See Section 45), surplus lines insurers (See Section 31), immunity from liability for release of auto insurance information (See Section 1), and qualifications of health care risk managers.

On 5/25/88, the bill was read a third time and 2 amendments were adopted relating to agent commissions on insurance issued in conjunction with mortgage loans. CS/CS/SB 368 passed the House as amended by a vote of 118-0. The vote by which the 2 amendments were adopted on third reading was reconsidered, and
failed of adoption. The bill passed as amended by a vote of 115-0.

On 5/3/88, the Senate concurred in all but 2 amendments relating to the qualifications of health care risk managers. Additionally, the Senate amended the House amendment relating to surplus lines to specifically exempt this insurance from the rating laws (See Section 2). The Senate passed the bill as amended by a vote of 36-0. On 6/1/88, the House concurred in the Senate amendments to the House amendment relating to surplus lines insurance, and receded from the 2 amendments relating to risk managers. CS/CS/SB 368 passed as further amended by 117-0.

Disposition of Companion:

House Bill 1553 was developed by the Insurance Committee as PCB INS 88-2. It was referred to Appropriations, and was subsequently withdrawn on 5/16/88. On 5/24/88, HB 1553 was laid on the table and CS/CS/SB 368 was substituted.

VI. SIGNATURES:

INSURANCE COMMITTEE:
Prepared by:
Debbi Zappi

FINANCE & TAXATION:
Prepared by:

APPROPRIATIONS:
Prepared by:

Staff Director:
William Leary

Staff Director:

Staff Director:
I. SUMMARY:

This bill amends various sections of the insurance code with respect to the regulatory authority of the Department of Insurance. Sections amended include those pertaining to: agent licensing, certificates of authority, content of insurer contracts, administrative action against licensees, insurance administrators, insurer insolvency, fraternal benefit societies, and bail bondsmen.

A. Current Law and Present Situation:

Under s. 624.307, F.S., the Department of Insurance has the authority to enforce the provisions of the insurance code. In accordance with this authority, the department regulates the insurance industry through a variety of functions, including issuing certificates of authority, licensing agents, approving the content of contracts for insurance, commencing administrative action for violations of the code, and petitioning the court for receivership in the event of insurer insolvency. Additionally, the department disseminates information to insurers and agents regarding statutory and regulatory requirements.

B. Effect of Proposed Changes:

The bill amends various sections of the insurance code relating to insurance agents, insurance entity licensing and insurer insolvency proceedings. Generally, the bill clarifies and modifies licensing requirements and deletes language made obsolete by subsequent legislative enactments. The bill also imposes additional requirements with respect to certain types of insurance applications.
The bill expands the authority of the Department of Insurance with respect to background investigations of individuals with the ability to control insurance entities. The Department of Law Enforcement (DLE) must be statutorily authorized to process fingerprints received from the Department of Insurance for background investigations. Under the provisions of this bill, the DLE's authority to process fingerprints is expanded to include individuals involved in the organization or management of entities subject to examination under the Florida Insurance Code. Currently, this authority exists only with respect to organizers or managers of entities subject to examination under part II of the code.

The bill also expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure a reasonably successful operation. Currently, the department has this authority only with respect to the management of the insurer.

Several sections of this bill update the mechanics of the application procedure. For example, in 1982 the legislature repealed the requirement that all first-time general lines agent applicants be interviewed. Sections 626.231 and 626.732(3), F.S., require applicants to wait 60 days before taking the exam to allow the Department of Insurance to conduct interviews. Since the interview is no longer required, the waiting period is unnecessary. This bill deletes all reference to the waiting period.

The bill also amends several sections of the insurance code relating to qualifications and eligibility for agent licenses. For example, the bill requires applicants for licenses who are resident licensees in their former state of residence to cancel these licenses or covert them to a non-resident status. Applicants shall furnish the department a letter of clearance to this effect.

The bill expands the grounds for administrative action against applicants or licensees in various areas of insurance to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. Currently, the grounds only include felonies punishable by imprisonment of one year or more under the law of this state or any other state.

In 1986, ss. 624.460-624.488, F.S., were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires administrators for insured or self-insured programs which provide life and health insurance coverage to obtain a certificate of authority.
The bill requires administrators of commercial self-insurance funds to obtain a certificate of authority by expanding the definition of the term "administrator." The bill authorizes an administrator, who obtains a certificate of authority, to administer commercial self-insurance funds, or life and health programs, or both. Additionally, the bill repeals the requirement that administrators either deposit securities with the Department of Insurance or obtain a surety bond and, in lieu thereof, requires administrators to obtain a fidelity bond.

To facilitate the dissemination of information by the department, the bill creates a "mailing list" by requiring each insurer and supervising or managing general agent to submit annually, the name and address of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

With respect to applications for insurance, the bill requires the name of the insurer to be prominently displayed on the first page of the application for specified types of insurance. The bill also imposes additional disclosure requirements for the sale of credit life insurance.

In the area of insurer insolvency, the bill allows proceedings for appointment of the department as receiver by consent order, restructures the priority statute for orderly distribution of an insurers assets, and provides for an automatic stay of all proceedings against an insurer upon the department's petition to the court for receivership.

A more detailed explanation of this bill is provided in the section by section analysis which follows.

**Section-by-Section Analysis:**

**Section 1:** Currently, s. 624.34, F.S., authorizes the DLE to process fingerprints of individuals involved in the organization, operation or management of domestic insurance entities, commercial self-insurance funds, prepaid legal plans, preneed ambulance plans and automobile, service or home warranty plans.

The bill expands the authority of the DLE to process fingerprints of organizers, operators or managers of any entity eligible to be examined or investigated under the provisions of the Florida Insurance Code. These entities include health maintenance organizations, prepaid health clinics, prepaid dental plans, optometric plans and pharmaceutical plans.

**Section 2:** Expands the authority of the department to deny an insurer a certificate to transact business if its officers or directors lack the ability to ensure the reasonable promise of a successful operation. Currently, the department has this authority only with respect to the management of the insurer.
This section also provides for denial of a certificate of authority if any person who has the ability to influence the operation of the insurer lacks the business experience and financial standing for the successful operation of the insurer.

Section 3: Section 626.322, F.S., states that the registration fee for certification of persons representing insurers at U.S. military installations shall be as provided in s. 624.501, F.S., and that the certification shall be continued upon payment of a fee of $20. However, there is no provision regarding this fee in s. 624.501, F.S. This section designates in s. 624.501, F.S., a registration fee of $20 for these individuals.

Section 4: Currently department employees are not permitted to be licensed as insurance representatives while employed by the department. Section 626.221, F.S., allows department employees who held an agent's license prior to becoming a department employee 30 days to be relicensed after leaving the department without having to be reexamined. This section expands this time period to 2 years, which is consistent with the qualification period for all insurance agents, solicitors and adjusters. Under ss. 626.181 and 626.221, F.S., these individuals are given 2 years in which to apply for a license similar to the one they presently hold, without reexamination.

Section 5: In 1982 the legislature repealed the requirement that the department interview all first-time general lines agents. Applicants were required to wait 60 days before taking the exam to allow the department to conduct the interviews. This section deletes reference to the 60 day waiting period, now unnecessary since the legislature repealed the interview requirement.

Section 6: Currently, the applicant for licensure chooses the location and date he or she wishes to take an examination, the department no longer does this. This section conforms s. 626.251, F.S., to this practice.

Section 7: Clarifies filing procedures for examinations to facilitate reexamination of an applicant who either fails or fails to appear for a prior exam.

Section 8: Chapter 85-208, Laws of Florida, repealed the requirement that a life insurance agent have a primary license. This section deletes a reference to primary licenses in s. 626.511, F.S.

Section 9: Section 626.521, F.S., states that the department shall secure a credit or character report regarding first-time applicants for licensure. This section requires the department to obtain both credit-and character reports. Most applicants already furnish both reports to the department.
Section 10: This section creates a "mailing list" for the department by requiring each insurer and supervising or managing general agent to submit, by October 1, 1988, the name and address of all supervising or managing general agents and insurance agencies who have contracts with them to solicit insurance.

This mailing list will enable the department to send information to insurance agencies rather than to each individual agent, which will significantly reduce the cost of each mailing. This cost savings will in turn allow the department to increase its communications to agents.

The information obtained by the department under this section is to be updated yearly, and may only be used for communication purposes.

Section 11: Expands grounds for compulsory administrative action against applicants or licensees to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. Currently, the grounds for administrative action only include having been found guilty of, or having pleaded guilty or nolo contendere to a felony in this state or any other state.

Section 12: Conforms provisions for discretionary administrative actions (See Section 11).

Section 13: Section 626.731 requires applicants for a resident general lines agent license to be a resident of the state for one year to be eligible. In 1983, the 1st District Court of Appeal declared this requirement unconstitutional. This section deletes reference to the one year residency requirement. The applicant is still required to be a Florida resident.

This section also requires applicants for a general lines agent's license who were licensed as a resident licensee in another state to have their licenses canceled or converted to a nonresident basis. The applicant must furnish a letter of clearance to this effect. Currently, life and health agents must cancel a resident license in another state to qualify for a resident license in Florida. This section imposes the same requirement with respect to general lines agents.

This section clarifies that these applicants must also pass any required exams to qualify for a license.

Section 14: Currently, one of the ways an individual may qualify as a general lines agent is to have experience with a general lines agent or insurance company. This section expands the types of employment which may be used to qualify by experience. This will permit applicants who are employees of a self-insurance fund, risk managers of a governmental entity, or department employees, to qualify as general lines agents based on their insurance duties in all lines of property and casualty insurance.
This section also deletes reference to the 60 day waiting period (See Section 5).

Section 15: Requires applicants for a solicitors license to cancel resident licenses in their former state of residence in order to qualify for a resident Florida license. Expands the types of employment which an applicant for a solicitors license may use to qualify by experience (See Section 14). Clarifies that these applicants must also pass any required exams to qualify for a license.

Section 16: Deletes reference to the one year residency requirement (See Section 13). Deletes reference to the 60 day waiting period (See Section 5).

Section 17: Clarifies application and fee requirements for reexamination.

Section 18: Requires applicants for a life insurance license to furnish the department with a letter of clearance (See Section 13). These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement.

Section 19: Clarifies application and fee requirements for reexamination.

Section 20: Clarifies that "province" refers to the Province of Canada for purposes of the licensure of nonresident life insurance agents.

Requires a non-resident life licensee to remain continuously licensed as a resident licensee in his home state or province during the existence of his Florida non-resident license.

Section 21: Requires applicants for a health insurance license to furnish the department with a letter of clearance. These applicants will no longer be permitted to present a copy of a request for cancellation of an existing resident license as fulfillment of the letter of clearance requirement. (See Section 13)

Section 22: Clarifies that "province" refers to the Province of Canada for purposes of the licensure of nonresident health insurance agents. Imposes a continuous license requirement with respect to nonresident health licensees. (See Section 20)

Section 23: Requires persons who prepare insurance claims forms for compensation to be licensed under s. 626.865, F.S., as public adjusters. Licensed health care providers and their employees who file health insurance claims forms for patients are exempted.

Section 24: Chapter 84-243, Laws of Florida, authorized the issuance of a limited lines adjuster's license to individuals who are employees of an all lines adjuster. This section requires that these individuals be located in the office of the all lines

STANDARD FORM 10-30-87
adjuster responsible for their supervision and instruction. Public adjusters limited to health insurance are exempted from this requirement.

Officials from the department contend that the original intent when they proposed the language in 1982 was to ensure that limited lines adjusters receive supervision. This section is consistent with this intent.

Section 25: Requires administrators of commercial self-insurance funds to obtain a certificate of authority by expanding the definition of the term "administrator" to include persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Currently, only administrators for insured or self-insured programs which provide life and health insurance are required to obtain a certificate of authority.

This section clarifies that a health care services plan, health maintenance organization, or professional service plan corporation which possesses a valid certificate of authority is not deemed to be an "administrator" if its activities are limited to those authorized by its certificate of authority. This section enlarges one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance.

Expands the definition of "insurer" to include commercial self-insurance funds for the purpose of regulation of administrators.

Section 26: Authorizes an administrator, who obtains a certificate of authority, to administer commercial self-insurance funds, or life and health programs, or both. A certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 27: Present law, s. 626.881, F.S., requires administrators, in order to protect against insolvency, to deposit securities with the department in the amount of $50,000 for the first year of operation. The deposit is subject to annual adjustments which may raise the requirement to 10 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount. Because of the expense involved with posting securities or obtaining a surety bond, this section repeals s. 626.881, F.S., and creates s. 626.8809, F.S., which requires administrators to maintain a fidelity bond. The fidelity bond will be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled annually by the administrator not to exceed $500,000, unless a greater amount is required by the department.
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Section 29: Health care risk managers are issued certificates by the department in accordance with s. 626.943, F.S. This section deletes all reference to the term "license" and substitutes the correct term, i.e. "certificate."

Section 30: See Section 29.

Section 31: Requires all application forms for insurance policies or annuity contracts to have the name of the insuring entity prominently displayed on the first page of the form at the time the coverage is bound or premium is quoted.

There is currently no requirement that insurance application forms contain the name of the insuring entity. When the name of the insuring entity is not on the application, an insured who has not yet received his policy and wishes to file a claim, may not know who his insurer is. The name of the insured on the application will inform the applicant as to the identity of his insurer. Surplus lines entities as defined in ss. 626.913-626.937, F.S., are exempted from this requirement.

Section 32: This section requires that before credit life insurance is sold, the creditor agent or credit life agent must obtain a separate written acknowledgement that the applicant understands the benefits under the policy will terminate when the applicant reaches a certain age. The applicant must also verify that his age is accurately represented on the application.

The agent must also obtain a written acknowledgement that the applicant understands the credit life coverage may be deferred, if, at the time of application, he is unable to engage in employment or perform normal activities, if the policy contains this restriction.

These requirements are intended to increase the credit life policyholder's awareness of the limits of his policy, and to prevent misrepresentation of age for the purpose of qualifying applicants who would otherwise be ineligible for coverage.

Section 33: Deletes the requirement that the department publish health insurer loss ratios. Currently, the publication of the loss ratios for accident and health insurance companies licensed to sell insurance in Florida results in six pages of multiple columns of loss ratios.

The department contends that these numbers are unintelligible, due to the many factors influencing a loss ratio, including higher loss incidence and the age of the group insured.
Additionally a loss ratio may not be indicative of a company's financial condition, or whether the policy is the best buy for an individual.

The department will still collect loss ratio information from the insurance companies.

Section 34: Expands the authority of the department to withhold a permit for the formation of a domestic insurer if the department finds that the stockholders, organizers, incorporators, subscribers or persons with the ability to control the proposed insurer do not possess the financial standing and business experience to form an insurer.

Currently, s. 628.071, F.S., only requires that the proposed officers and directors have sufficient insurance experience and ability to assure reasonable promise of a successful operation.

Section 35: Allows the department to commence receivership proceedings in the event of insurer insolvency by petitioning the court for the entry of a consent order of conservation, rehabilitation, or liquidation. Currently, s. 631.031, F.S., only provides for commencement of these proceedings by a show cause order, which does not address situations where an insurer has voluntarily requested the department to commence proceedings. The consent order provided for by this section is more appropriate than a show cause order for this purpose.

Section 36: Provides that the filing of a petition by the department for an order of conservation, rehabilitation, or liquidation creates an automatic stay of all proceedings, including the commencement or continuation of actions against the insurer, enforcement of judgments, acts to create, perfect or enforce liens against property of the insurer, and offset of debts owing to the insurer. The stay is permanent, and will survive the entry of an order of conservation, rehabilitation, or liquidation.

The court may grant relief from the stay, provided that the person or entity seeking to enforce or obtain a judgment against the insurer, establishes by clear and convincing evidence that the judgment is not voidable and that the property from which the judgment would be satisfied does not constitute premium funds or another asset of the insurer.

This section also allows the court to issue injunctions without notice to persons or entities which may have claims against the insurer.

Currently, the department must seek injunctions in order to preserve the assets of the insurer for orderly distribution under the priority statute (s. 631.271, F.S.). The process of seeking an injunction can create a rush to the court to file claims before an injunction can be obtained. An automatic stay prevents these claims from being filed, and relieves the department the responsibility of filing appropriate motions for injunctions.
Automatic stays are used in this manner in federal bankruptcy proceedings.

This section also specifies that the court may issue additional injunctions at any time during the insolvency proceeding without notice to those who may have claims against the insurer. Currently s. 631.041(2), F.S., allows the court to issue additional injunctions, however, the statute is silent on notice requirements. The preservation of an insurer's assets for orderly distribution under chapter 631 would be impeded if the receiver were required to track down and file notice in every lawsuit in the state involving the insurer before an injunction were effective.

Section 37: Currently, s. 631.271, F.S., establishes a priority system for payment of claims in insurer liquidation proceedings. The statute requires claims to be paid in the following order: Class 1 - receiver's expenses of administration; Class 2 - debts due to employees; Class 3 - claims of policyholders; Class 4 - claims of general creditors; Class 5 - claims of federal, state and local governments; Class 6 - late claims; Class 7 - surplus or contribution notes; and Class 8 - claims of shareholders. If the insurer's assets are insufficient to make distributions to all claimants, full distributions will first be made to those in the highest priority class. In a recent case in Federal district court, the federal government asserted its claim for priority of payment under section 3713 of Title 31 of the U.S. Code. The court in this case held that the state priority statute is not superseded by the federal statute by virtue of the application of the McCarran-Ferguson Act. The federal government has appealed this case.

This section changes the priority class of claims of the federal government Class 5 to Class 4 which places their claims ahead of general creditors and state and local governments. The department contends that this change increases the state's chances of prevailing in federal litigation with the federal government over the legality of the state's priority system, since the only claims to be paid before it are the receiver's expenses, employee debts, and policyholders.

Section 38: Under s. 631.281, F.S., mutual debts or mutual credits between the insurer and another person in connection with insolvency proceedings may be "offset," and only the balance allowed as a claim or required to be paid to the receiver.

This section clarifies the law with respect to offsets. It provides that no offsets shall be allowed unless the claim of offset is fully mature when the order directing liquidation is filed. The debt must be due, or the credit must be earned, as of the date of the liquidation order, in order for the receiver to allow the offset.

This section also clarifies that an offset shall not operate to create a secured claim. For the purpose of chapter 631, secured claim is defined in s. 631.011(5), F.S.
Section 39: Provides immunity from liability for the department, department agents and employees, and the Commissioner of Insurance for any action taken by them in performance of their duties under the Insurers Rehabilitation and Liquidation Act. Similar immunity language already exists with respect to part II, the Florida Insurance Guaranty Association Act, and part III, the Florida Life and Health Insurance Guaranty Association Act, of chapter 631.

Section 40: Currently, there is some confusion as to whether a fraternal benefit society must renew its license annually. Section 632.629, F.S., states that licensed societies may transact business until June 1, and may renew its license annually. This section further states that a license shall continue in full force until the new license is issued or specifically refused. Some argue this language is ambiguous with regard to when a license expires, which has led to an administrative hearing on the matter.

This section eliminates confusion with respect to the expiration date of a license and the necessity of annual renewal. The language used in this section is modeled after s. 624.416, F.S., relating to insurer's licenses, and is intended to operate in the same manner.

Section 41: Section 632.634, F.S., requires fraternal benefit agents to qualify in the same manner as life and health agents.

This section adds parts III and IV of chapter 626, addressing the qualifications of life and health insurance agents, to the list of laws applicable to fraternal benefit societies. This is intended to eliminate any confusion as to which parts of chapter 626 apply to fraternal benefit societies.

Sections 42-47, 49 & 50: These sections expand the grounds for administrative action against salesmen of motor vehicle service agreements, sales representatives of home or service warranties and persons authorized to engage in legal expense insurance business, to include felonies or crimes punishable by imprisonment of one year or more under federal law, or the law of any other state or country. (See Section 17)

Section 48: Provides that the grounds for administrative action against dental service plan representatives shall be as set forth in ss. 626.611-626.691, F.S., which are applicable to all insurance field representatives.

Section 51: This section provides bail bondsmen with the same time period in which to reapply for a license without reexamination as is currently provided for insurance field representatives under s. 626.181, F.S.

Section 52: Requires applicants for a bail bondsmen license to furnish the department with a letter of clearance. Clarifies that applicants must also pass an exam to be licensed.
Deletes reference to a $10 application fee, since s. 624.501, F.S. provides for fees which reflect the actual cost of examination.

Requires a character report in addition to the credit report required by s. 648.32, F.S. Provides that this information is privileged.

Section 53: Requires letter of clearance and character reports for runners, and provides for confidentiality of the reports.

Section 54: Amends the law with respect to bailbondsmen to accommodate the legislative requirement that the department change its testing procedure from manual to automated.

Deletes reference to the 60 day waiting period. (See Section 5)

Eliminates reference to a $10 examination fee, since s. 624.501, F.S. provides for fees which reflect the actual cost of examination.

Section 55: In 1984, the renewal date for bailbondsmen licenses was changed from September 1 to March 1. A reference to this renewal date in s. 648.39, F.S., was inadvertently left unchanged. This section corrects this error.

Section 56: Repeal of ss. 626.881 and 626.8811, F.S. These sections require a minimum deposit for administrators. A fidelity bond is required instead. (See Sections 27 & 28)

Sections 57-60: Provide for sunset repeal of sections created by this act.

Section 61: Provides an effective date of October 1, 1988, unless otherwise provided in this act. Sections 1, 2, 34, 39 and 40 will take effect upon becoming a law; section 10 will take effect on July 1, 1988; and sections 31 and 32 will take effect on January 1, 1989.

II. ECONOMIC IMPACT:

A. Public:

Persons currently completing health insurance forms for individuals will have to obtain a public adjusters license, which will cost between $55 and $75. It is possible this cost will be passed on to the consumer.

Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the Department of Insurance. However, administrators will realize savings associated with the difference in cost between depositing securities or obtaining a surety bond and maintaining a fidelity bond.
B. Government:

The Department of Insurance has advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to service a commercial self-insurance fund.

With respect to the order in which claims will be paid in the event of insurer insolvency, it is probable that state and local governments will not collect claims against the insurer, since the bill makes the claims of the federal government superior to state and local claims. Currently, state and local governments seldom collect claims, since the insurer's assets seldom exceed administrative expenses, debts due employees, claims of policyholders, and the claims of general creditors, which all have priority over state and local claims.

III. STATE COMPREHENSIVE PLAN IMPACT:

Sections of this bill are consistent with the policy of "encouraging greater efficiency and economy at all levels of government through adoption and implementation of effective ... information-management." [s. 187.201(20)(b)9.]

IV. COMMENTS:

Virtually identical provisions of this bill were introduced last session in HB 1402, which died on the calendar.

A similar bill has been filed in the Senate. (See SB 368)

V. AMENDMENTS:

VI. PREPARED BY: Debbi Zappi

VII. STAFF DIRECTOR: William Leary
Insurer insolvenccs are generally handled under ch. 631, F.S., rather than under the Federal bankruptcy act. Section 631.031, F.S., covers the commennncement of a delinquency proceeding and is revised to clearly provide for the commencement of a proceeding by application to the circuit court by petition for the entry of a consent order of conservation, rehabilitation, or liquidation. Section 631.041, F.S., provides an automatic stay is provided with respect to an application or petition by the department. The stay applies to all persons other than the receiver. The stay prohibits the commencement of certain actions in other forums such as enforcement of a judgment. The stay may be lifted upon establishment by clear and convincing evidence that the judgment is not void or voidable by a receiver and that the property from which the judgment would be satisfied does not constitute premium funds or another asset which belongs to the insurer. Section 631.231, F.S., is revised to raise Federal claims to a higher priority. Section 631.231, F.S., provides mutual debts or credits between the insurer and another person may be offset. To be allowed, an offset must be fully vested and mature as of the date of the liquidation order. Chapter 631, F.S., currently contains immunity provisions under parts II and III which protect the department when acting under these parts. Section 631.392, F.S., as created would apply under part I to protect the department when acting as receiver and in exercising its regulatory authority under the Insurance Rehabilitation and Liquidation Act. This provision would extend throughout the chapter.

Additionally, a Sunset provision for s. 631.392, F.S., which is created is included.
A bill to be entitled
An act relating to insurance; amending s.
627.679, F.S.; providing that an agent or
creditor agent must obtain a written
acknowledgment that the borrower understands
that he has certain rights; providing an
effective date.

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

Section 1. Subsection (1) of section 627.679, Florida
Statutes, is amended to read:

627.679 Amount of insurance; disclosure.--
(1)(a) The amount of credit life insurance written
under one or more policies shall not exceed by more than $5
the total of the payments of the specific contracts of
indebtedness in connection with which it is written, when the
indebtedness is repayable in substantially equal installments
or in one installment or a single payment.

(b) The total amount of credit life insurance on the
life of any debtor with respect to any loan or loans covered
in one or more insurance policies shall at no time exceed
$30,000 with any one creditor, except that loans not exceeding
1 year's duration shall not be subject to such limits, and on
such loans not exceeding 1 year's duration, the limits of
coverage shall not exceed $30,000 with any one insurer.

(c) Before any credit life insurance may be sold, the
agent or creditor agent must obtain a separate written
acknowledgment with respect to each of the following:

1. That the borrower understands that he has the

CODING: Words stricken are deletions; words underlined are additions.
owns or may procure for the purpose of covering such loan and
that the policy need not be purchased from the agent or
creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life
coverage may be deferred if, at the time of application, he is
unable to engage in employment or unable to perform normal
activities of a person of like age and sex, if the proposed
credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits
under the policy will terminate when he reaches a certain age
and that his age is accurately represented on the application
or policy.

Section 2. This act shall apply to insurance
transactions occurring on or after January 1, 1988.

Section 3. This act shall take effect January 1, 1988.

CODING: Words strucken are deletions; words underlined are additions.
SENATE SUMMARY

Provides that before credit life insurance may be sold an agent or creditor agent must obtain an acknowledgment from the borrower that he understands he has certain rights.
Under Rule 819, the bill was referred to the Engrossing Clerk.

On motion by Rep. Gardner, the rules were waived and—

HB 1636—A bill to be entitled An act relating to the files at the Department of Corrections, amending § 945.10, F.S., authorizing the department to grant an inmate access to the files pertaining to him upon court order or upon exceptional circumstances, requiring the department to promulgate rules, providing an effective date—was taken up out of its regular order and read the second time by title. On motion by Rep. Kelly, the rules were waived by two-thirds vote and the bill was read a third time by title. On passage, the vote was—

Year—111

The Chair
Frankel
Abrams
Friedman
Ashbel
Fincher
Banister
Catts
Bammon
Gardner
Bathsheba
Gluckman
Bass
Gonzalez
Bloom
Quevedo
Brown
Gorden
Brown
Grindlay
Burke
Guber
Burnard
Gustafson
Burden
Gutman
C. I. C. Cantrell
Hanson
Harden
Harness
Harrell
Hasey
Hill
Hodges
Holland
Holzendorf
Hooper
Hollander
Honda
Howard
Humphrey
Hurley
Hutchings
Henderson
Ireland
Ivey
Jameson
Johnson
Jennings
Johnson
B. L.

Johnson
R. C.
Jones, C. F.
Jones, D. L.
Kelly
Langton
Levis
Liberti
Lippman
Locke
Logan
Lombard
Long
Mackenzie
Mackey
Martinez
McEwan
Meffert
Messersmith
Metcalf
Mitchell
Morse
Mackay
Martin
Martinez
McEwan
Mellert
Meistermann
Mitchell
Morse
Holliday
Northam
Neugard
Ostrau
Patchett
Press
Reeves
Redick
Richen
Rhodes
Ruh
Silver
Simon
Smith
Stark
Stone
Stone
Stiles
Stone
Trammell
Traylor
Wallace
Webster
Wise
Woodruff
Young

Nays—None

Votes after roll call

Year—C. F. Jones

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

REPRESENTATIVE HODGES IN THE CHAIR

HB 1555—A bill to be entitled An act relating to insurance, creating 624.4392, F. S., within the Florida Nonprofit Multiple-Employer Welfare Arrangement Act, providing fund balance requirements, providing an exception, creating § 624.4412, F.S., requiring approval of forms, creating § 624.4414, F.S., specifying employer participants' liability for the obligations of the arrangement, creating § 624.4413, F.S., providing requirements relating to assessment of employers, providing for review and repeal, providing an effective date—was read the second time by title and, under Rule 819, referred to the Engrossing Clerk.

HB 1555 was taken up. On motion by Rep. Simon, CS/SSB 388, a similar or companion measure, was substituted for HB 1555. Under the rule the House bill was laid on the table and—

CS for CS for SB 388—A bill to be entitled An act relating to insurance, amending § 624.34, F.S., providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code, amending § 624.404, F.S., relating to the general eligibility of insurers for a certificate of authority, providing criteria, amending § 624.501, F.S., providing rules for registration certificates with respect to certain military installations, amending § 624.291, F.S., increasing the time period for an exemption from examination for certain applicants, amending § 626.231, F.S., providing for eligibility to take an examination for license, amending § 626.251, F.S., deleting a time period with respect to notice of examination date, amending § 626.281, F.S., providing for reexaminations, amending § 626.511, F.S., eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent's appointment and license, amending § 626.521, F.S., providing for required character and credit reports, creating § 626.562, F.S., providing for reporting by insurers and reinsurers in managing general agents, amending § 626.811, 626.821, 634.181, 634.191, 634.320, 634.321, 634.122, 634.423, 642.941, and 642.944, F.S., providing uniform language with respect to discipline or license refusal, suspension, or revocation for persons having been found guilty of, or having pleaded guilty or no contest to, a felony or a crime punishable by imprisonment of 1 year or more, amending § 626.741, F.S., revising criteria for qualifications for a general lines agent's license, amending § 626.752, F.S., revising language with respect to required knowledge, experience, or instruction for license as a general lines agent, amending § 626.755, F.S., revising language with respect to qualifications for a solicitor's

Year—None

Votes after roll call

Year—C. F. Jones

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

VOTES OF THE HOUSE
license, amending § 626.739, F.S., reviving language with respect to a temporary license, amending § 626.740, F.S., reviving language with respect to temporary limited licenses for industrial fire agents, amending § 626.785, F.S., relating to license qualifications, amending § 626.790, F.S., reviving language with respect to temporary licenses, amending § 626.802, F.S., prohibiting the department of insurance from issuing a life insurance agent's license to certain nonresidents, amending § 626.831, F.S., reviving language with respect to license qualifications, amending § 626.835, F.S., prohibiting the department from issuing a life insurance agent's license to certain nonresidents, amending § 626.854, F.S., redefining the term "public adjuster", amending § 626.869, F.S., reviving criteria for the issuance of a limited license, and/or an independent public adjuster, amending § 626.88, F.S., reviving the definition of the terms "administrator" and "insurer", amending § 626.9805, F.S., providing criteria for certificates of authority, creating § 626.8809, F.S., providing for a fidelity bond, amending § 626.891, F.S., relating to grounds for suspension or revocation of certificate of authority, amending § 626.943, F.S., relating to powers and duties of the department, amending § 626.944, F.S., relating to qualifications for health care risk managers, creating § 627.4065, F.S., requiring the name of the insurer on certain applications, amending § 627.675, F.S., providing for required disclosure with respect to credit life insurance, repealing § 627.9175(2), F.S., relating to the publication of health insurance loss ratios, amending § 628.071, F.S., relating to the grant or denial of a permit, to include certain criteria, amending § 631.031, F.S., providing for discretionary commencement of delinquency proceedings, allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order, amending § 631.041, F.S., providing for an automatic stay, prohibiting certain actions upon commencement of a delinquency proceeding, allowing relief from the stay under certain circumstances, providing authority to issue injunctions or orders without notice, amending § 631.271, F.S., reviving priority with respect to distribution of claims from the insurer's estate, amending § 631.281, F.S., providing that a claim of offset be fully mature as of the filing of liquidation orders, creating § 631.392, F.S., providing for immunity for the department and its agents and employees, including the Insurance Commissioner, in carrying out responsibilities and duties under ch 631, F.S., amending § 632.629, F.S., relating to annual licenses for certain societies authorized to transact business, amending § 632.638, F.S., relating to the applicability of the insurance code, amending § 637.413, F.S., relating to the regulation of employees or representatives of dental service plan corporations, creating § 648.115, F.S., providing for the number of applications required for licensure as bail bondsmen, amending § 648.34, F.S., revising criteria for qualifications of bail bondsmen, amending § 648.37, F.S., revising criteria for qualifications or requirements, amending § 648.38, F.S., revising language with respect to examination as a bail bondman, amending § 648.39, F.S., relating to notice of appointment of agents, repealing § 648.681, F.S., relating to the deposit of securities and surety bonds, repealing § 626.8811, F.S., relating to a prohibition upon a levy upon deposit of certain assets in securities, providing for review and appeal, providing an effective date — was read the second time by title

Representative Simon offered the following amendment

Amendment 1—On page 36, between lines 4 and 5, insert Section 12 Paragraph (g) of subsection (2) of section 634.308, Florida Statutes, as amended to read

634.308 Grounds for suspension or revocation of license —

(2) The license of any home warranty association shall be suspended, revoked, or not renewed if it is determined that such association

(1) Has issued warranty contracts which allow for more than nine annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises

634.312 Filing, approval of forms —

Section 43 Subsection (3) of section 634.312, Florida Statutes, is amended to read

(3) The department shall not approve any such form which allows for more than nine annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises

Section 44 Subsection (5) of section 634.312, Florida Statutes, is amended to read

634.3124 Grounds for disapproval of forms —The department shall disapprove any form filed under § 634.312 or withdraw any previous approval if the form

(5) Allows for more than nine annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises (number subsequent sections)

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

Representative Simon offered the following title amendment

Amendment 2—On page 4, line 18, after "code" insert amending § 634.308, 634.312, and 634.3123, F.S., relating to the number of permissible annual renewals of certain warranty contracts,

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

Representative Simon offered the following amendment

Amendment 3—On page 25, line 30, insert Section 21 Paragraph (6) of subsection (2) of section 628.918, Florida Statutes, as amended to read

628.918 Eligible surplus lines insurers —

(2) No unauthorized insurer shall be or become an eligible surplus lines insurer unless made eligible by the department in accordance with the following conditions

(a) The insurer must be an authorized insurer in the state or county of its domicile as to the kind of insurance proposed to be so placed and must have been such an insurer for not less than the 3 years next preceding, or must be the wholly owned subsidiary of an authorized insurer, or must be the wholly owned subsidiary of an already eligible surplus lines insurer or authorized insurer that has been so eligible for a period of not less than the 3 years next preceding, (number subsequent sections)

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

Representative Simon offered the following title amendment

Amendment 4—On page 4, line 12, after the semicolon insert amending § 626.918, F.S., changing eligibility requirements for surplus lines insurers,

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

Representative Martinez offered the following amendment

Amendment 5—On page 46, line 23, insert Section 56 (1) Paragraph (c) of subsection (2) of section 626.944, Florida Statutes, as amended to read

626.944 Qualifications for health care risk managers —

(2) The department shall not grant or issue a certificate as a health care risk manager to any individual unless from the application it affirmatively appears that the applicant

(c) Has fulfilled the requirements of a 1-year program or its equivalent in health care risk management training which may be developed or approved by the department, or

2. Has completed 2 years of college level studies which would prepare the applicant for health care risk management, to be further defined by rule; or
Rep Martinez moved the adoption of the amendment, which was adopted without objection.

Representative Martinez offered the following title amendment:

Amendment 6—On page 4, line 31, insert amending § 626.944, F.S., changing eligibility requirements for risk managers, health care providers.

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

Representative Lewis offered the following amendment:

Amendment 7—On page 46, line 23, after the period insert Section 5b. Any insurance company which does business in Florida and sells malpractice insurance in any other state shall sell malpractice insurance in Florida. (renumber subsequent sections)

Rep Lewis moved the adoption of the amendment, which failed of adoption.

Representative Crady offered the following amendment:

Amendment 8—On page 5, line 9, insert Section 1 Subsection (b) is added to section 624.155, Florida Statutes, to read

624.155 Civil remedy

(b) In the absence of expressed language to the contrary, this section shall not be construed to authorize a civil action or create a cause of action against an insurer or its employees who, in good faith, release information about an insured or an insurance policy to a law enforcement agency in furtherance of an investigation of a criminal or fraudulent act relating to a motor vehicle theft or a motor vehicle insurance claim. (renumber subsequent sections)

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

Representative Crady offered the following title amendment:

Amendment 9—On page 1, line 2, after the semicolon insert amending § 624.155, F.S., providing that release of certain information to a law enforcement agency shall not create a cause of action.

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

Under Rule 8 19, the bill was referred to the Engrossing Clerk

THE SPEAKER IN THE CHAIR

HB 1554 was taken up. On motion by Rep Simon, CS/SB 1140, a similar or companion measure, was substituted for HB 1554. Under the rule, the House bill was laid on the table and—

CS for SB 1140—A bill to be entitled An act relating to insurance, creating § 627.971, F.S., providing definitions, creating § 627.972, F.S., providing organizational and financial requirements for financial guaranty insurance corporations, creating § 627.973, F.S., providing limitations under which financial guaranty insurance corporations and certain property and casualty insurers may operate, creating § 627.974, F.S., requiring the filing of certain policy forms with the Department of Insurance, prohibiting excessive rates by financial guaranty insurance corporations, providing criteria for determining the adequacy of such rates, providing that such filings shall be available for public inspection, creating § 627.975, F.S., providing that certain financial guaranty insurance corporations shall receive credit for certain reinsurance, creating § 624.601, F.S., defining "residual value insurance," amending § 624.606, F.S., redifining "surety insurance," creating § 624.605, F.S., defining "fidelity insurance," amending § 624.605, F.S., limiting the definition of casualty insurance as it relates to certain credit insurance, providing for legislative review and repeal, providing an effective date—was read the second time by title, and, under Rule 8 19, referred to the Engrossing Clerk

THE SPEAKER PRO TEMPORE IN THE CHAIR

SB 374—A bill to be entitled An act relating to ad valorem taxation, amending § 192.032, F.S., revising provisions for determining situs of property for assessment purposes, providing an effective date—was read the second time by title, and, under Rule 8 19, referred to the Engrossing Clerk

CS for SB 375—A bill to be entitled An act relating to ad valorem tax exemptions, amending § 190.012, F.S., revising and providing applicable definitions, conforming a cross-reference, requiring ownership of property by an exempt entity for grant of an exemption, amending § 196.192, F.S., specifying criteria to be used in granting exemptions for certain purposes, amending § 190.196, F.S., including religious organizations in a list of exempt entities, providing an effective date—was read the second time by title

The Committee on Finance & Taxation offered the following amendment:

Amendment 1—On page 2, line 28, strike all of said line and insert to any physical use. This section shall not apply in determining the exemption for property owned by governmental units pursuant to § 196.199

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

Representative Ascheri offered the following title amendment:

Amendment 2—On page 1, line 9, after the semicolon insert specifying that the criteria does not apply to exemptions pursuant to § 196.199, F.S.

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

Representative Gardner offered the following amendment:

Amendment 3—On page 2, line 9, after the period insert (5/14) "Educational institutional" means a state, parochial, church, or private school, college, or university conducting regular classes and courses of study required for eligibility to certification by, accreditation to, or membership in the State Department of Education of Florida, Southern Association of Colleges and Secondary schools, or the Florida Council of Independent Schools, and educational direct-support organizations created pursuant to § 229.8021, 240.298 and 240.331, and facilities located on the property of eligible entities which will become owned by whose entities on a date certain

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

Representative Gardner offered the following amendment:

Amendment 4—On page 1, line 21, after "(3)," insert (5),

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

Under Rule 8 19, the bill was referred to the Engrossing Clerk

CS for SB 334—A bill to be entitled An act relating to homestead tax exemption, amending § 196.01, F.S., authorizing persons who fail to timely apply for a homestead tax exemption to petition the property appraisal adjustment board, providing a filing fee, authorizing the granting of the exemption, providing an effective date—was read the second time by title

Representative Mackey offered the following amendment:

Amendment 1—On page 2, lines 13 and 14, strike all of said lines and insert Section 2 Subsection (3) is added to section 190.295, Florida Statutes, to read
HB 1014—A bill to be entitled An act relating to "ecosystem", amending § 212 235, F.S., providing a definition, providing for transfer of moneys from the State Infrastructure Trust Fund to the Surface Water Improvement and Management Trust Fund and the Conservation and Recreation Lands Trust Fund for ecosystem expenditures, providing that title to lands purchased pursuant to the act shall be held by the Board of Trustees of the Internal Improvement Trust Fund, amending § 215 32, F.S., to conform, providing an effective date

—was read the second time by title

The Committee on Appropriations offered the following amendment

Amendment 1—On page 2, line 10, after the word "Statutes," insert as amended by Chapter 87-548, Laws of Florida.

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

The Committee on Appropriations offered the following title amendment

Amendment 2—On page 2, line 12, strike the word "Trust"

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

The Committee on Appropriations offered the following title amendment

Amendment 3—On page 3, line 7, after the word "Statutes," insert as amended by Chapter 87-548, Laws of Florida.

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

The Committee on Appropriations offered the following title amendment

Amendment 4—On page 3, line 13, strike "206 875."

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

The Committee on Appropriations offered the following title amendment

Amendment 5—On page 1, line 5, strike the word "Trust"

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

Representative Wetherell offered the following amendment

Amendment 6—On page 2, lines 9-12, strike all of said lines and insert Section 1: Subsection (1) and the introductory paragraph of subsection (2) of section 212 235, Florida Statutes, as amended by chapter 87-548, Laws of Florida, are amended and subsection (3) is added to said section to read:

212 235 State Infrastructure Fund, deposits—

(a) Notwithstanding the provisions of § 212 201 and 214 61, in fiscal year 1987-88 an amount equal to 2 percent, and in each fiscal year thereafter an amount equal to 5 percent, of the proceeds remitted pursuant to this part by a dealer, or the sums sufficient to provide the maximum receipts specified herein, shall be transferred into the State Infrastructure Fund, which is created in the State Treasury. "Proceeds" means all funds collected and received by the Department of Revenue, including any interest and penalties

(b) However, any receipts of the fund, including those received pursuant to § 201 15(1), 215 615 and 206 875(3) and interest earned, in excess of $200 million fiscal year 1987-88, and $550 million thereafter, shall revert to the General Revenue Fund

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

Representative Wetherell offered the following title amendment

Amendment 7—On page 1, line 3, after F.S., insert providing for the deposit of proceeds from lottery bonds to the State Infrastructure Trust Fund,

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

Under Rule 8 19, the bill was referred to the Engrossing Clerk

On motion by Rep. Simon, the rules were waived and the House reconsidered the vote by which CS/CS/SB 368 passed, as amended, earlier today

CS for CS for SB 368—A bill to be entitled An act relating to insurance, amending § 634 155, F.S., providing that release of certain information to a law enforcement agency shall not create a cause of action, amending § 624 34, F.S., providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code, amending § 624 404, F.S., relating to the general eligibility of insurers for a certificate of authority, providing criteria, amending § 624 501, F.S., providing for registration certificates with respect to certain military installations, amending § 626 221, F.S., increasing the time period for an exemption from examination for certain applicants, amending § 626 231, F.S., providing for eligibility to take an examination for license, amending § 626 251, F.S., deleting a time period with respect to notice of examination date, amending § 626 251, F.S., providing for reexaminations, amending § 626 511, F.S., eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent's appointment and license, amending § 626 521, F.S., providing for required character and credit reports, creating § 626 552, F.S., providing for reporting by insurers and supervising or managing general agencies, amending § 626 611, 626 621, 634 191, 634 326, 634 921, 634 422, 634 723, 642 041, and 642 043, F.S., providing uniform form with respect to discipline or license refusal, suspension, or revocation for persons having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more, amending § 626 731, F.S., revising criteria for qualifications for a general lines agent's license, amending § 626 735, F.S., revising language with respect to required knowledge, experience, or instruction for license as a general lines agent, amending § 626 735, F.S., revising language with respect to qualifications for a solicitor's license, amending § 626 739, F.S., revising language with respect to temporary license, amending § 626 741, F.S., revising language with respect to temporary limited licenses for industrial fire agents, amending § 626 780, F.S., relating to license qualifications, amending § 626 789, F.S., revising language with respect to temporary licenses, amending § 626 792, F.S., prohibiting the Department of Insurance from issuing a life insurance agent's license to certain nonresidents, amending § 626 831, F.S., revising language with respect to license qualifications, amending § 626 835, F.S., prohibiting the department from issuing a health insurance agent's license to certain nonresidents, amending § 626 854, F.S., redefining the term "public adjuster", amending § 626 869, F.S., revising criteria for the issuance of a limited license as an independent or public adjuster, amending § 626 888, F.S., revising the definition of the term "administrator" and "insurer", amending § 626 889, F.S., providing for certificates of authority, creating § 626 890, F.S., providing for a fidelity bond, amending § 626 891, F.S., relating to grounds for suspension or revocation of certificate of authority, amending § 626 891, F.S., changing eligibility requirements for surplus lines insurers, amending § 626 943, F.S., relating to powers and duties of the department, amending § 626 944, F.S., relating to qualifications for health care risk managers, creating § 627 405, F.S., requiring the name of the insurer on certain applications, amending § 627 679, F.S., providing for required disclosure with respect to credit life insurance, repealing § 627 9175(2), F.S., relating to the publication of health insurance loss ratios, amending § 628 071, F.S., relating to the granting or denial of a permit, to include certain criteria, amending § 631 031, F.S., providing for discretionary commencement of delinquency proceedings, allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order, amending § 631 041, F.S., providing for an automatic stay, prohibiting certain actions upon commencement of a delinquency proceeding, allowing relief from the stay under certain circumstances, providing authority
to issue injunctions or orders without notice, amending s 631 271, F.S., revising priority with respect to distribution of claims from the insurer’s estate, amending s 631 281, F.S., providing that a claim of offset must be fully mature as of the filing of litigation orders, creating s 631 392, F.S., providing for immunity for the department and its agents and employees, including the Insurance Commissioner, in carrying out responsibilities and duties under ch 631, F.S., amending s 622 269, F.S., relating to annual licenses for certain societies authorized to transact business, amending s 622 638, F.S., relating to the applicability of the Insurance Code, amending s 634 308, 634 312, and 634 313, F.S., relating to the number of permissible annual renewals of certain warranty contracts, amending s 637 415, F.S., relating to the regulation of employees or representatives of dental service plan corporations, creating s 648 315, F.S., providing for the number of applications required for licensure as bail bondsmen, amending s 648 34, F.S., revising criteria for qualifications of bail bondsmen, amending s 648 37, F.S., revising criteria for qualifications of runners, amending s 648 38, F.S., revising language with respect to examination as a bail bondsman, amending s 648 39, F.S., relating to notice of appointment of agents, amending s 626 944, F.S., changing eligibility requirements for risk managers, health care, repealing s 626 881, F.S., relating to the deposit of securities and surety bonds, repealing s 626 8811, F.S., relating to a prohibition upon a levy upon deposit of certain assets or securities, providing for review and repeal, providing an effective date.

On motion by Rep Simon, the House reconsidered the vote by which Amendment 10 was adopted. The question recurred on the adoption of Amendment 10, which failed of adoption.

On further motion by Rep Simon, the House reconsidered the vote by which Amendment 11 was adopted. The question recurred on the adoption of Amendment 11, which failed of adoption.

The question recurred on the passage of CS/CS/SE 308. The vote was

Years—115

The Chair—Friedman

Abrams—Friske

Arnld—Garza

Ascherl—Gardner

Banister—Glickman

Benjamin—Gonzalez

Bankhead—Quivedo

Bass—Good

Bloom—Gordon

Braas—Grindle

Brown—Guber

Burke—Gustafson

Burns—Guizar

Cassady—Hanson

Carlton—Harden

Casas—Hargrett

Clark—Harris

Clintons—Hawkins

Crosgraves—Healey

Crady—Hill

Crotty—Hodges

Dantiler—Holland

Davis—Honzendorl

Deutsch—Ireland

Diaz-Balart—Ivone

Dinges—Jaimerson

Dunbar—Jennings

Figg—Johnson, B L

Finkell—Johnson, R C

Naya—None

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

HB 1504—A bill to be entitled An act relating to public procurement, amending s 119 07, F.S., modifying an exemption for sealed bids or proposals received, amending s 120 53, F.S., providing notice requirements for exceptional purchase decisions of the Division of Purchasing of the Department of General Services, amending s 216 345, F.S., exempting certain membership dues from public procurement requirements, amending s 287 012, F.S., modifying definition of “commodity”, defining “exceptional purchase” and “term contract”, amending s 287 042, F.S., providing powers and duties of the division with respect to term contracts, providing procedures for actions protesting term contract or exceptional purchase decisions, requiring a bond, providing for hearings, providing for payment of attorney’s fees and costs, modifying provisions relating to repaying use of minority business enterprises in state contracting, amending s 287 052, F.S., providing for commodities acquired incidental to the acquisition of services, amending s 287 057, F.S., clarifying language, amending s 287 058, F.S., increasing the threshold amount for contractual services requiring a written agreement, requiring certification of an emergency preceding execution of a written agreement within a specified time period, amending s 287 062, F.S., exempting certain emergency purchases from competitive bid requirements, providing for waiver of requirements for written agreements for certain services, providing an effective date

—was read the second time by title.

Representative C F Jones offered the following amendment

Amendment 1—On page 3, between lines 23 and 24, insert Section 5 Subsection 1 of Section 216 130, F.S., as amended to read

216 130 Consensus estimating conferences, duties and principals —

1 ECONOMIC ESTIMATING CONFERENCE —

(a) Duties —

1 The Economic Estimating Conference shall develop such official information with respect to the national and state economies as the conference determines is needed for state planning and budgeting system. The basic, long-term forecasts which are a part of its official information shall be trend forecasts. However, the conference may include cycle forecasts as a part of its official information if the subject matter of the forecast warrants a cycle forecast and if such forecast is developed in a special impact session of the conference.

2 Prior to the submission of the Governor’s budget recommendations to the Legislature pursuant to s 216 162, and again prior to each Regular Session of the Legislature, the Economic Estimating Conference shall evaluate and project the financial condition of the employee group health self-insurance plan. This analysis shall also consider any financial impact of the state’s use of health maintenance organizations on the funding of the self-insurance plan. The conference shall indicate whether the current plan premium rates are sufficient to fund projected plan claims and other expenses during the biennial budget period.

(b) Principals —The Executive Office of the Governor, the director of the Division of Economic and Demographic Research of the Joint Legislative Management Committee, and professional staff of the Senate and House of Representatives who have forecasting expertise, or their designates, are the principals of the Economic Estimating Conference. The responsibility of providing over sessions of the conference shall be rotated among the principals.

Section 4 Subsection 1 of 216 164, F.S., is amended to read

216 164 Governor’s recommended budget, supporting information —

1 Not later than 14 days after the Governor submits his recommended budget to the Legislature pursuant to s 216 163, the Executive Office of the Governor shall make available

(a) To the legislative appropriations committees an appropriations bill as recommended by the Governor, an economic impact statement as required of the Legislature pursuant to s 11 075, and appropriate staff analyses or support materials used to develop the Governor’s budget recommendations. Any proposed changes in the benefits provided under the state employee group health self-insurance plan shall be accompanied by a statement signed by an enrolled actuary indicating
May 31, 1988

JOURNAL OF THE SENATE

MESSAGES FROM THE HOUSE OF REPRESENTATIVES

The Honorable John W Vogt, President

I am directed to inform the Senate that the House of Representatives has passed with amendments CS for SB 368 and requests the concurrence of the Senate.

John B. Phelps, Clerk

CS for CS for SB 368—A bill to be entitled An act relating to insurance; amending s 624 34, F S, providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code, amending s 624 404, F S, relating to the general eligibility of insurers for a certificate of authority, providing criteria, amending s 624 501, F S, providing fees for registration certificates with respect to certain military installations, amending s 626 221, F S, increasing the time period for an exemption from examination for certain applicants, amending s 626 231, F S, providing for eligibility to take an examination for license, amending s 626 251, F S, deleting a time period with respect to notice of examination date, amending s 626 281, F S, providing for reconsiderations; amending s 626 511, F S, eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent’s appointment and license, amending s 626 521, F S, providing for required character and credit reports, creating s 626 552, F S, providing for reporting by insurers and supervising or managing general agents, amending s 626 611, 62b 621, 634 181, 634 191, 634 230, 634 321, 634 424, 634 423, 642 041, and 642 941, F S, providing uniform language with respect to discipline of license refusal, suspension, or revocation for persons having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more, amending s 626 731, F S, revising criteria for qualifications for a general lines agent’s license, amending s 626 732, F S, revising language with respect to required knowledge, experience, or instruction for license as a general lines agent, amending s 626 735, F S, revising language with respect to qualifications for a solicitor’s license, amending s 626 739, F S, revising language with respect to a temporary license, amending s 626 740, F S, revising language with respect to temporary limited licenses for industrial fire agents, amending s 626 785, F S, relating to license qualifications, amending s 626 790, F S, revising language with respect to temporary license, amending s 626 792, F S, revising the Department of Insurance from issuing a life insurance agent’s license to certain nonresidents, amending s 626 831, F S, revising language with respect to license qualifications, amending s 626 855, F S, prohibiting the department from issuing a health insurance agent’s license to certain nonresidents, amending s 626 854, F S, redefining the term “public adjuster”, amending s 626 869, F S, revising criteria for the issuance of a limited license as an independent or public adjuster, amending s 626 901, F S, revising the definition of the term “administrator” and “insurer”, amending s 626 8805, F S, providing criteria for certificates of authority, creating s 626 8809, F S, providing for a fidelity bond, amending s 626 891, F S, relating to grounds for suspension of revocation of certificate of authority, amending s 626 943, F S, relating to powers and duties of the department, amending s 626 944, F S, relating to qualifications for health care risk managers, creating s 627 4085, F S, requiring the name of the insurer on certain applications, amending s 627 679, F S, providing for required disclosure with respect to credit life insurance, repealing s 627 9176(2), F S, relating to the publication of health insurance loss ratios, amending s 628 071, F S, relating to the grant or denial of a permit, to include certain criteria, amending s 631 031, F S, providing for discretionary commencement of delinquency proceedings, allowing the department to also commence a delinquency proceeding by application to the court by petition for a consent order, amending s 631 041, F S, providing for an automatic stay, prohibiting certain actions upon commencement of a delinquency proceeding, allowing relief from the stay under certain circumstances, providing authority to issue injunctions or orders without notice, amending s 631 271, F S, revising priority with respect to distribution of claims.
from the insurer's estate, amending s 631.281, F.S.; providing that a claim of offset must be fully mature as of the filing of liquidation orders, creating s 631.392, F.S.; providing for immunity for the department and its agents and employees, including the Insurance Commissioner, in carrying out responsibilities and duties under ch 631, F.S., amending s 632.629, F.S., relating to annual licenses for certain societies authorized to transact business, amending s 632.638, F.S., relating to the applicability of the Insurance Code, amending s 637.415, F.S., relating to the regulation of employees or representatives of dental service plan corporations, creating s 648.315, F.S., providing for the number of applications required to be made as bond demanding, amending s 648.34, F.S., revising criteria for qualifications of bond demanding, amending s 648.37, F.S., revising criteria for qualification of runners, amending s 648.38, F.S., revising language with respect to examination as a bond demanding, amending s 648.39, F.S., relating to notice of appointment of agents, repealing s 626.8811, F.S., relating to the deposit of securities and surety bonds, repealing s 626.8811, F.S., relating to a prohibition upon a levy upon deposit of certain assets or securities, providing for review and repeal, providing an effective date

**Amendment 1**—On page 36, between lines 4 and 5, insert

Section 42 Paragraph (f) of subsection (2) of section 634.308, Florida Statutes, is amended to read:

634.308 Grounds for suspension or revocation of license.—

(2) The license of any home warranty association shall be suspended, revoked, or not renewed if it is determined that such association

(f) Has issued warranty contracts which allow for more than nine (9) annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises.

634.312 Filing, approval of forms —

Section 43 Subsection (3) of section 634.312, Florida Statutes, is amended to read

3) The department shall not approve any such form which allows for more than nine (9) annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises.

Section 44 Subsection (5) of section 634.3123, Florida Statutes, is amended to read

634.3123 Grounds for disapproval of forms—The department shall disapprove any form filed under s 634.312 or withdraw any previous approval if the form:

(6) Allows for more than nine (9) annual renewals or which renewal contracts provide that the cost of renewal exceeds the then-current cost for new warranty contracts or impose a fee for inspection of the premises.

(Reumber subsequent sections)

**Amendment 2**—On page 4 in the title, line 18, after "code", insert amending s 634.308, 634.312, and 634.3123, F.S., relating to the number of permissible annual renewals of certain warranty contracts,

**Amendment 3**—On page 25, line 30, insert

Section 29 Paragraph (e) of subsection (2) of section 626.918, Florida Statutes, is amended to read:

626.918 Eligible surplus lines insurers —

(2) No unauthorized insurer shall be or become an eligible surplus lines insurer unless made eligible by the department in accordance with the following conditions

(b) The insurer must be currently an authorized insurer in the state or country of its domicile or to the kind or kinds of insurance proposed to be so placed and must have been such an insurer for not less than the 3 years next preceding, or must be the wholly owned subsidiary of an authorized insurer, or must be the wholly owned subsidiary of an already eligible surplus lines insurer or a licensed insurer that has been so eligible for a period of not less than the 3 years next preceding.

(Reumber subsequent sections)

**Amendment 4**—On page 3 in the title, line 12, after the semicolon insert amending s 626.918, F.S., changing eligibility requirements for surplus lines insurers,

**Amendment 5**—On page 46, line 23, insert

Section 56 (1) Paragraph (c) of subsection (2) of section 626.944, Florida Statutes, is amended to read:

626.944 Qualifications of health care risk managers.—

(2) The department shall not grant or issue a certificate as a health care risk manager to any individual unless from the application it affirmatively appears that the applicant

(6) Has obtained 4 years of practical experience in health care risk management.

(2) This section shall apply to new certificates issued on or after October 1, 1989

(Reumber subsequent sections)

**Amendment 6**—On page 4 in the title, line 31, insert amending s 626.944, F.S.; changing eligibility requirements for risk managers, health care

**Amendment 8**—On page 5, line 9, insert

Section 1 Subsection (b) is added to section 624.155, Florida Statutes, to read

624.155 Civil remedy —

6) In the absence of expressed language to the contrary, this section shall not be construed to authorize a civil action or create a cause of action against an insurer or its employees who in good faith, release information about an insured or an insurance policy to a law enforcement agency in furtherance of an investigation of a criminal or fraudulent act relating to a motor vehicle theft or a motor vehicle insurance claim

(Reumber subsequent sections)

**Amendment 9**—On page 1 in the title, line 2, after the semicolon insert amending s 624.155, F.S., providing that release of certain information to a law enforcement agency shall not create a cause of action,

Senator Har moved the following amendment to House Amendment 8 which was adopted

**Amendment 1**—On page 1, line 23, insert

Section 2 Subsection (2) of section 627.021, Florida Statutes, is amended to read:

627.021 Scope of this part —

(2) This chapter does not apply to

(a) Reinsurance, except joint reinsurance as provided in s 627.311

(b) Insurance against loss of or damage to aircraft, their hulls, accessories, or equipment, or against liability, other than workers' compensation and employer's liability, arising out of the ownership, maintenance, or use of aircraft

(c) Insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies

(d) Surplus lines insurance placed under the provisions of ss 626.913-626.937

(Reumber subsequent sections)

Senator Har moved the following amendment to House Amendment 9 which was adopted
Amendment 1—In title, on page 1, line 15, after the semicolon (:) insert amendment $ 627021, F.S., clarifying rating regulation for surplus lines insurers.

On motions by Senator Thomas, the Senate concurred in House Amendments 1, 2, 3 and 4; refused to concur in House Amendments 5 and 6 and the House was requested to recede, and concurred in House Amendments 8 and 9 as amended and the House was requested to concur in the Senate amendments to the House amendments.

CS for SB 368 passed as amended and the action of the Senate was certified to the House. The vote on passage was

Yea—36

Beard, Gordon, Kirkpatrick, Plummer
Brown, Grant, Kiser, Ros-Lehtinen
Children, D Grizzle, Langley, Scott
Children, W D Hair, Lehtinen, Stuart
Crenshaw Hill, Malchon, Thomas
Deraniyagala Hollingsworth, Margolis, Thurman
Dudley, Jenne, McPherson, Weinatstein
Frank, Jennings, Meek, Weinstock
Girardeau, Johnson, Myers, Woodson

Nays—None

Vote after roll call

Yea—Crawford, Jennings, Peterson, Stuart

SPECIAL ORDER, continued

On motion by Senator Hollingsworth, by two-thirds vote CS for HB 557 was withdrawn from the Committee on Economic, Community and Consumer Affairs.

On motion by Senator Hollingsworth—

CS for HB 557—A bill to be entitled An act relating to nursing, amending § 464.02, F.S., exempting technicians who assist in the furnishing of hemodialysis in a patient's home from the Nursing Practices Act, providing an effective date

—a companion measure, was substituted for CS for SB 1302 and read the second time by title.

Senator Margolin moved the following amendment which was adopted:

Amendment 1—On page 1, line 16, after "trained" insert , as defined by the board by rule,

On motion by Senator Hollingsworth, by two-thirds vote CS for HB 557 as amended was read the third time by title, passed and certified to the House. The vote on passage was

Yea—32

Beard, Girardeau, Kirkpatrick, Plummer
Brown, Grant, Kiser, Ros-Lehtinen
Children, D Grizzle, Langley, Scott
Children, W D Hair, Lehtinen, Stuart
Crenshaw Hill, Malchon, Thomas
Deraniyagala Hollingsworth, Margolis, Thurman
Dudley, Jenne, McPherson, Weinatstein
Frank, Jennings, Meek, Weinstock
Girardeau Johnson, Myers, Woodson

Nays—None

Vote after roll call

Yea—Crawford, Jennings, Peterson, Stuart

Consideration of CS for HB 600 was deferred

CS for SB 711—A bill to be entitled An act relating to motor vehicle licenses, amending § 320.0805, F.S., deleting a time limit on the issuance of prestige license plates, amending § 320.0808, F.S., authorizing an additional use for Challenger license plate fees, removing the termination date for availability of such plates, providing an effective date

—was read the second time by title.

The Committee on Finance, Taxation and Claims recommended the following amendment which was moved by Senator Deratany

Amendment 1—On page 2, strike all of lines 1-9 and insert

(3) Fifty percent of the Challenger license plate annual use fee shall be distributed to The Astronauts Memorial Foundation, Inc., for the purpose of designing, constructing, and the perpetual care of a memorial to the astronauts who have lost their lives while flying, training, or awaiting assignment to fly for the space agency. The site for the memorial is the Kennedy Space Center located in Cape Canaveral, Florida. Such portion of the fee shall also be used for a space education scholarship program to be designed and administered by The Astronauts Memorial Foundation, Inc. The remaining fifty percent shall be distributed annually to the Technological Research and Development Authority for the purpose of establishing, maintaining, and operating a Space Research Institute in Brevard County. All such funds are hereby only for this purpose.

Senator Deratany moved the following substitute amendment which was adopted:

Amendment 2—On page 2, strike all of lines 1-9 and insert:

(4) Twenty-five percent of the Challenger license plate annual use fee shall be distributed to The Astronauts Memorial Foundation, Inc., for the purpose of designing, constructing, and the perpetual care of a memorial to the astronauts who have lost their lives while flying, training, or awaiting assignment to fly for the space agency. The site for the memorial is the Kennedy Space Center located in Cape Canaveral, Florida. Twenty-five percent of the fee shall be distributed to the Challenger Astronauts Memorial Scholarship Trust Fund for use as provided by § 240.406, Florida Statutes. The remaining fifty percent shall be distributed to the Technological Research and Development Authority created by chapter 57-453 for the purpose of developing, maintaining, and operating a Space Research Institute. All such funds may be used only for the purpose: The Technological Research and Development Authority shall coordinate and distribute available resources among state universities and independent colleges and universities based on the research strengths of such postsecondary institutions in space science technology. The Space Research Institute shall serve as a repository for postsecondary research that relates to the development of extraterrestrial scientific, commercial, and other activities in space. The operations of the Space Research Institute shall be located in close proximity to the Kennedy Space Center to foster collaboration between state government, the federal government, and the private sector. Funding for the Space Research Institute, in whole or in part, shall be derived from the Challenger license plate annual use fee pursuant to § 320.0808.

Senator Meek moved the following amendment which was adopted:

Amendment 3—On page 2, between lines 28 and 29, insert

Section 3 Subsections (1), (3), (5), and (7) of section 320.0809, Florida Statutes, are amended to read

320.0809 College license plates—

(1) The department shall develop a college license plate as provided in this section for state and independent universities and community colleges, domiciled in this state, and shall issue a college license plate to the owner of any motor vehicle upon application and payment of the appropriate license tax and fees.

(3) A college license plate annual use fee shall be distributed to the state or independent university or community college foundation designated by the purchaser for deposit in an unrestricted account. The Board of Regents shall require each state university and community college to submit a plan for approval of the expenditure of all funds so designated. All such funds may be used only for academic enhancement, including scholarships and private fund-raising activities.

(5) College license plates shall be the color and design approved by the department as appropriate for each state and independent university and community college. In addition to letters identifying the university, the plate may be imprinted with numerals from 1 to 999, inclusive, capital letters "A" through "Z," or a combination thereof. The maximum number of characters, including both numerals and letters, shall be determined by the department. College license plates shall otherwise be of the same material and size as standard license plates issued by the state for any registration period and the word "Florida" shall be stamped across the bottom of the plate in small letters.

(7) The department must receive $100,000 or more applications for each college license plate for each independent university or com-
I. SUMMARY:

This bill provides that employers participating in multiple employer welfare arrangements (MEWAs) are liable for assessments.

A. PRESENT SITUATION:

MEWAs are plans of group self-insurance established by two or more employers for providing health insurance benefits to their employees. MEWAs are operated by a board of trustees who retain an administrator or service company or agent to administer the plan. MEWAs have been regulated by the state since 1983 after Congress amended the Employee Retirement Income Security Act (ERISA) to authorize states to regulate multiple employer plans to the extent not inconsistent with ERISA. The 1983 act required MEWAs to file a fidelity bond in an amount not less than 10 percent of the funds handled annually, not to exceed $50,000, but did not impose any financial requirements. The department was authorized to examine the loss reserves, financial condition, reinsurance, and working capital of a MEWA and could take corrective action if the department found the MEWA's financial condition to be inadequate.

Among the legislative changes made in 1985 were that MEWAs must operate in accordance with sound actuarial principles, maintain specific excess insurance and loss reserves in accordance with sound actuarial principles, and file a deposit or surety bond with the department as insolvency protection, up to a maximum of $100,000. MEWAs were also required to file annual reports of financial condition.
Despite the legislative efforts in 1985 to insure the financial solvency of MEWAs, the Department of Insurance is concerned about the worsening financial condition of many MEWAs in the state and the potentially adverse effect upon the current and future employees enrolled therein. There are currently 28 MEWAs in the state covering 91,978 employees and generating a premium volume of $127 million. Of these 28 MEWAs, three were placed in receivership last year and six others are operating under voluntary plans of rehabilitation. Eighteen MEWAs show a negative net worth. The department thus proposes that like other forms of self-insurance, such as commercial self-insurance funds and professional self-insurance funds, the members should be liable for deficit assessments. The most recently approved MEWAs provide for deficit assessments against their members.

B. EFFECT OF PROPOSED CHANGES:

The bill provides that employer participants in a MEWA have a contingent assessment liability for losses and expenses incurred while the participant's policy was in effect. Each policy issued by a MEWA must disclose that assessment liability.

Existing MEWAs will not be assessable until September 30, 1989. A MEWA must assess its employers if its fund balance at the end of the fiscal year is less than zero and may assess employers if its prior year's statement of operations shows a loss or if its fund balance is zero or greater. The bill requires MEWAs to maintain a fund balance in excess of or equal to zero. However, any existing MEWA under a plan of self-rehabilitation is exempt from the fund balance requirement until it no longer has a negative fund balance.

Assessments are based upon the ratio of an employer's earned premium to that of all employers in the MEWA. The liability of participating employers is individual rather than joint except that they are proportionately liable for assessments not paid by another employer. The MEWA is required to institute legal action to collect the assessment from non-paying employers. The department is also authorized to assess employers in the event of liquidation or rehabilitation of a MEWA.

The bill also requires MEWAs to submit their forms, including policy forms, to the department for approval. Specified reasons for rejection of forms are provided.

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:**

   While the bill subjects employers who participate in MEWAs to assessments which are very likely to be levied given the current financial condition of many MEWAs, the actual impact of the assessments upon them cannot be determined at this time.

2. **Direct Private Sector Benefits:**

   If the assessment requirements succeed in stabilizing the financial condition of existing MEWAs, the participants will be able to derive whatever cost savings can be realized from continued participation in this form of self-insurance.

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

   This bill may stabilize MEWAs as a viable alternative to employers in providing health insurance to their employees.

**D. FISCAL COMMENTS:**

The department advises that it can absorb the added responsibilities contained in this act within its existing resources.

**III. LONG RANGE CONSEQUENCES:**

The department believes that making employer/members of MEWAs assessable will further secure the financial stability of MEWAs and
allow them to remain a viable option to employers wishing to self-insure for health insurance coverage for their employees. In so doing the bill is consistent with various health policies specified in the state comprehensive plan.

IV. COMMENTS:

V. LEGISLATIVE HISTORY:

A. Enacted Bill:

The bill began as PCB INS 88-04 and was reported favorably on 4/19/88 by the Subcommittee on Health & Life Insurance & General Insurance Regulation with 3 amendments. These amendments included an exception to the negative fund balance prohibition for existing MEWAs operating under a plan of rehabilitation. On 4/20/88, the bill was reported favorably by the Insurance Committee with 2 amendments requiring department approval of policy forms issued by a MEWA. The bill was introduced as HB 1555 on 5/2/88 and placed on the calendar. On 5/25/88, the bill passed the House by a vote of 116-0. The bill was substituted for CS/SB 619 on 5/25/88 and passed the Senate 35-0. On 6/2/88 the bill was presented to the Governor and was approved by the Governor on 6/16/88.

B. Disposition of Companion:

Senate Bill 619 was filed by Senator Hair on 3/31/88. The bill was reported favorably by the Commerce Committee on 4/20/88 as a committee substitute. On 5/12/88, the bill was withdrawn from the Appropriations Committee and placed on the calendar. On 5/25/88, HB 1555 was substituted for CS/SB 619 and the latter was laid on the table.

V. SIGNATURES:

INSURANCE COMMITTEE:
Prepared by: William Leary

FINANCE & TAXATION:
Prepared by: William Leary

APPROPRIATIONS:
Prepared by: William Leary

Staff, Director:

Staff, Director:

Staff Director:

Staff Director:

STANDARD FORM 5/88
A bill to be entitled
An act relating to insurance; creating s.

624.4392, F.S., within the Florida Nonprofit
Multiple-Employer Welfare Arrangement Act;
providing fund balance requirements; creating
s. 624.4414, F.S.; specifying employer
participants' liability for the obligations of
the arrangement; creating s. 624.4415, F.S.;
providing requirements relating to assessment
of employers; providing for review and repeal;
providing an effective date.

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

Section 1. Section 624.4392, Florida Statutes, is
created to read:

624.4392 Fund balance.--Each multiple-employer welfare
arrangement shall maintain a fund balance in excess of or
equal to zero.

Section 2. Section 624.4414, Florida Statutes, is
created to read:

624.4414 Employer participants' liability.--

(1) The liability of each employer participant for the
obligations of the multiple-employer welfare arrangement shall
be individual, several, and proportionate, but not joint,
except as provided in this section and s. 624.4415.

(2) Each employer participant shall have a contingent
assessment liability for payment of actual losses and expenses
incurred while the policy was in force.

(3) Each policy issued by the arrangement shall
contain a statement of the contingent liability. Both the

CODING: Words stricken are deletions; words underlined are additions.
application for insurance and policy shall contain, in contrasting color and not less than 10-point type, the following statement: "This is a fully assessable policy. In the event the arrangement is unable to pay its obligations, policyholders (employers) will be required to contribute on a pro rata earned premium basis the money necessary to meet any unfilled obligations."

Section 3. Section 624.4415, Florida Statutes, is created to read:

624.4415 Assessments.--

(1) All multiple-employer welfare arrangements receiving a certificate of authority on or after the effective date of this section shall provide that employers are assessable in accordance with this section.

(2) For those multiple-employer welfare arrangements which have a valid certificate of authority before the effective date of this section, the arrangement shall comply with this section and s. 624.4414 by September 30, 1989.

(3) Each multiple-employer welfare arrangement may assess all employers if its prior fiscal year statement of operations reflected a loss or its fund balance is zero or greater.

(4) Each multiple-employer welfare arrangement shall assess all employers if the arrangement’s fund balance at the end of its fiscal year is less than zero.

(5)(a) The minimum assessment shall be the amount necessary to comply with the requirements of s. 624.4392.

Each employer’s assessment shall be computed by applying the earned premium for each employer’s plan of benefits during the prior fiscal year as a percent of the amount of the total of all employers’ earned premium for the same year. Each

CODING: Words underlined are additions.
employer's assessment shall be that employer's percent times
the total assessment levied.

(b) In the event members fail to pay assessments, the
other members shall be liable on a proportionate basis for an
additional assessment.

(c) The multiple-employer welfare arrangement, acting
on behalf of all members who paid the additional assessment,
shall institute legal action, when necessary and appropriate,
to recover the assessment from the members who fail to pay

(d) The department shall have the authority to assess,
as set forth in this section, all employers for all necessary
funds in the event of the liquidation or the rehabilitation of
the multiple-employer welfare arrangement.

(6) As used in this section, "fund balance" means
total assets in excess of total liabilities, except that
assets pledged to secure debts not reflected on the books of
the multiple-employer welfare arrangement shall not be
included in the fund balance. Fund balance includes other
contributed capital, retained earnings, and surplus notes.

Section 4. Each section which is added to ss. 624.436-
624.446, Florida Statutes, by this act is repealed on October
1, 1991, and shall be reviewed by the Legislature pursuant to
g. 11.61, Florida Statutes.

Section 5. This act shall take effect October 1, 1988.
Amends the Florida Nonprofit Multiple-Employer Welfare Arrangement Act to provide employer assessment requirements and fund balance requirements. Specifies employer participants' liability for the obligations of the arrangement. See bill for details.
A bill to be entitled

An act relating to insurance; creating s.

624.4392, F.S., within the Florida Nonprofit

Multiple-Employer Welfare Arrangement Act;

providing fund balance requirements; providing

an exception; creating s. 624.4414, F.S.;

specifying employer participants' liability for

the obligations of the arrangement; creating s.

624.4415, F.S.; providing requirements relating

to assessment of employers; providing for

review and repeal; providing an effective date.

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

Section 1. Section 624.4392, Florida Statutes, is

created to read:

624.4392 Fund balance.—Each multiple-employer welfare

arrangement shall maintain a fund balance in excess of or
equal to zero. However, any multiple-employer welfare

arrangement which has a valid certificate of authority and a

plan of self-rehabilitation which is approved by the
department prior to the effective date of this act may

continue to operate in compliance with the plan until the

arrangement no longer has a negative fund balance.

Section 2. Section 624.4414, Florida Statutes, is

created to read:

624.4414 Employer participants' liability.—

(1) The liability of each employer participant for the

obligations of the multiple-employer welfare arrangement shall

be individual, several, and proportionate, but not joint,

except as provided in this section and s. 624.4415.

CODING: Words struck are deletions; words underlined are additions.
(2) Each employer participant shall have a contingent assessment liability pursuant to s. 624.4415 for payment of actual losses and expenses incurred while the policy was in force.

(3) Each policy issued by the arrangement shall contain a statement of the contingent liability. Both the application for insurance and policy shall contain, in contrasting color and not less than 10-point type, the following statement: "This is a fully assessable policy. In the event the arrangement is unable to pay its obligations, policyholders (employers) will be required to contribute on a pro rata earned premium basis the money necessary to meet any unfilled obligations."

Section 3. Section 624.4415, Florida Statutes, is created to read:

624.4415 Assessments.--
(1) All multiple-employer welfare arrangements receiving a certificate of authority on or after the effective date of this section shall provide that employers are assessable in accordance with this section.

(2) For those multiple-employer welfare arrangements which have a valid certificate of authority before the effective date of this section, the arrangement shall comply with this section and s. 624.4414 by September 30, 1989.

(3) Each multiple-employer welfare arrangement may assess all employers if its prior fiscal year statement of operations reflected a loss or its fund balance is zero or greater.

(4) Each multiple-employer welfare arrangement shall assess all employers if the arrangement's fund balance at the end of its fiscal year is less than zero.
(5)(a) The minimum assessment shall be the amount necessary to comply with the requirements of s. 624.4392.

Each employer's assessment shall be computed by applying the earned premium for each employer's plan of benefits during the prior fiscal year as a percent of the amount of the total of all employers' earned premium for the same year. Each employer's assessment shall be that employer's percent times the total assessment levied.

(b) In the event members fail to pay assessments, the other members shall be liable on a proportionate basis for an additional assessment.

(c) The multiple-employer welfare arrangement, acting on behalf of all members who paid the additional assessment, shall institute legal action, when necessary and appropriate, to recover the assessment from the members who fail to pay their assessment.

(d) The department shall have the authority to assess, as set forth in this section, all employers for all necessary funds in the event of the liquidation or the rehabilitation of the multiple-employer welfare arrangement.

(6) As used in this section, "fund balance" means total assets in excess of total liabilities, except that assets pledged to secure debts not reflected on the books of the multiple-employer welfare arrangement shall not be included in the fund balance. Fund balance includes other contributed capital, retained earnings, and surplus notes.

Section 4. Each section which is added to ss. 624.436-624.446, Florida Statutes, by this act is repealed on October 1, 1991, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 5. This act shall take effect October 1, 1988.

CODING: Words stricken are deletions; words underlined are additions.
Amends the Florida Nonprofit Multiple-Employer Welfare Arrangement Act to provide employer assessment requirements and fund balance requirements. Specifies employer participants' liability for the obligations of the arrangement. See bill for details.
I. SUMMARY:

This bill provides that employers participating in multiple employer welfare arrangements (MEWAs) are liable for assessments.

A. PRESENT SITUATION:

MEWAs are plans of group self-insurance established by two or more employers for providing health insurance benefits to their employees. MEWAs are operated by a board of trustees who retain an administrator or service company or agent to administer the plan. MEWAs have been regulated by the state since 1983 after Congress amended the Employee Retirement Income Security Act (ERISA) to authorize states to regulate multiple employer plans to the extent not inconsistent with ERISA. The 1983 act required MEWAs to file a fidelity bond in an amount not less than 10 percent of the funds handled annually, not to exceed $50,000, but did not impose any financial requirements. The department was authorized to examine the loss reserves, financial condition, reinsurance, and working capital of a MEWA and could take corrective action if the department found the MEWA's financial condition to be inadequate.

Among the legislative changes made in 1985 were that MEWAs must operate in accordance with sound actuarial principles, maintain specific excess insurance and loss reserves in accordance with sound actuarial principles, and file a deposit or surety bond with the department as insolvency protection, up to a maximum of $100,000. MEWAs were also required to file annual reports of financial condition.

Despite the legislative efforts in 1985 to insure the financial solvency of MEWAs, the Department of Insurance is concerned about the worsening financial condition of many MEWAs in the state and the potentially adverse effect upon the current and future employees enrolled therein. There are currently 28 MEWAs
in the state covering 91,978 employees and generating a premium volume of $127 million. Of these 28 MEWAs, three were placed in receivership last year and six others are operating under voluntary plans of rehabilitation. Eighteen MEWAs show a negative net worth. The department thus proposes that like other forms of self-insurance, such as commercial self-insurance funds and professional self-insurance funds, the members should be liable for deficit assessments. The most recently approved MEWAs provide for deficit assessments against their members.

B. EFFECT OF PROPOSED CHANGES:

The bill provides that employer participants in a MEWA have a contingent assessment liability for losses and expenses incurred while the participant's policy was in effect. Each policy issued by a MEWA must disclose that assessment liability.

Existing MEWAs will not be assessable until September 30, 1989. A MEWA must assess its employers if its fund balance at the end of the fiscal year is less than zero and may assess employers if its prior year's statement of operations shows a loss or if its fund balance is zero or greater. The bill requires MEWAs to maintain a fund balance in excess of or equal to zero.

Assessments are based upon the ratio of an employer's earned premium to that of all employers in the MEWA. The liability of participating employers is individual rather than joint except that they are proportionately liable for assessments not paid by another employer. The MEWA is required to institute legal action to collect the assessment from non-paying employers. The department is also authorized to assess employers in the event of liquidation or rehabilitation of a MEWA.

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:

   While the bill subjects employers who participate in MEWAs to assessments which are very likely to be levied given the current financial condition of many MEWAs, the actual impact of the assessments upon them cannot be determined at this time.

2. Direct Private Sector Benefits:

   If the assessment requirements succeed in stabilizing the financial condition of existing MEWAs, the participants will be able to derive whatever cost savings can be realized from continued participation in this form of self-insurance.

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

   This bill may stabilize MEWAs as a viable alternative to employers in providing health insurance to their employees.

D. FISCAL COMMENTS:

   The department advises that it can absorb the added responsibilities contained in this act within its existing resources.

III. LONG RANGE CONSEQUENCES:

   The department believes that making employer/members of MEWAs assessable will further secure the financial stability of MEWAs and allow them to remain a viable option to employers wishing to self-insure for health insurance coverage for their employees. In so doing the bill is consistent with various health policies specified in the state comprehensive plan.

IV. COMMENTS:
V. AMENDMENTS:

VI. SIGNATURES:

INSURANCE COMMITTEE:
Prepared by: William Leary

FINANCE & TAXATION:
Prepared by: William Leary

APPROPRIATIONS:
Prepared by:

Staff Director:

Staff Director:

Staff Director:
I. SUMMARY:

This bill provides that employers participating in multiple employer welfare arrangements (MEWAs) are liable for assessments.

A. PRESENT SITUATION:

MEWAs are plans of group self-insurance established by two or more employers for providing health insurance benefits to their employees. MEWAs are operated by a board of trustees who retain an administrator or service company or agent to administer the plan. MEWAs have been regulated by the state since 1983 after Congress amended the Employee Retirement Income Security Act (ERISA) to authorize states to regulate multiple employer plans to the extent not inconsistent with ERISA. The 1983 act required MEWAs to file a fidelity bond in an amount not less than 10 percent of the funds handled annually, not to exceed $50,000, but did not impose any financial requirements. The department was authorized to examine the loss reserves, financial condition, reinsurance, and working capital of a MEWA and could take corrective action if the department found the MEWA's financial condition to be inadequate.

Among the legislative changes made in 1985 were that MEWAs must operate in accordance with sound actuarial principles, maintain specific excess insurance and loss reserves in accordance with sound actuarial principles, and file a deposit or surety bond with the department as insolvency protection, up to a maximum of $100,000. MEWAs were also required to file annual reports of financial condition.

Despite the legislative efforts in 1985 to insure the financial solvency of MEWAs, the Department of Insurance is concerned about the worsening financial condition of many MEWAs in the state and the potentially adverse effect upon the current and future employees enrolled therein. There are currently 28 MEWAs
in the state covering 91,978 employees and generating a premium volume of $127 million. Of these 28 MEWAs, three were placed in receivership last year and six others are operating under voluntary plans of rehabilitation. Eighteen MEWAs show a negative net worth. The department thus proposes that like other forms of self-insurance, such as commercial self-insurance funds and professional self-insurance funds, the members should be liable for deficit assessments. The most recently approved MEWAs provide for deficit assessments against their members.

B. EFFECT OF PROPOSED CHANGES:

The bill provides that employer participants in a MEWA have a contingent assessment liability for losses and expenses incurred while the participant's policy was in effect. Each policy issued by a MEWA must disclose that assessment liability.

Existing MEWAs will not be assessable until September 30, 1989. A MEWA must assess its employers if its fund balance at the end of the fiscal year is less than zero and may assess employers if its prior year's statement of operations shows a loss or if its fund balance is zero or greater. The bill requires MEWAs to maintain a fund balance in excess of or equal to zero. However, any existing MEWA under a plan of self-rehabilitation is exempt from the fund balance requirement until it no longer has a negative fund balance.

Assessments are based upon the ratio of an employer's earned premium to that of all employers in the MEWA. The liability of participating employers is individual rather than joint except that they are proportionately liable for assessments not paid by another employer. The MEWA is required to institute legal action to collect the assessment from non-paying employers. The department is also authorized to assess employers in the event of liquidation or rehabilitation of a MEWA.

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:
   While the bill subjects employers who participate in MEWAs to assessments which are very likely to be levied given the current financial condition of many MEWAs, the actual impact of the assessments upon them cannot be determined at this time.

2. Direct Private Sector Benefits:
   If the assessment requirements succeed in stabilizing the financial condition of existing MEWAs, the participants will be able to derive whatever cost savings can be realized from continued participation in this form of self-insurance.

3. Effects on Competition, Private Enterprise, and Employment Markets:
   This bill may stabilize MEWAs as a viable alternative to employers in providing health insurance to their employees.

D. FISCAL COMMENTS:

   The department advises that it can absorb the added responsibilities contained in this act within its existing resources.

III. LONG RANGE CONSEQUENCES:

   The department believes that making employer/members of MEWAs assessable will further secure the financial stability of MEWAs and allow them to remain a viable option to employers wishing to self-insure for health insurance coverage for their employees. In so doing the bill is consistent with various health policies specified in the state comprehensive plan.

IV. COMMENTS:

   STANDARD FORM 3/88
V. AMENDMENTS:

VI. SIGNATURES:

INSURANCE COMMITTEE:
Prepared by:

William Leary

FINANCE & TAXATION:
Prepared by:

William Leary

APPROPRIATIONS:
Prepared by:

Staff Director:
A bill to be entitled

An act relating to insurance; amending s.

624.501, F.S.; providing fees for registration

certificates with respect to certain military

installations; amending s. 626.191, F.S.;

permitting applicants for a license or permit

as an insurance agent to reapply; repealing s.

626.211(2), F.S., relating to notification of

place and time of examination for a license or

permit as an agent, solicitor, or adjuster;

amending s. 626.221, F.S.; increasing the time

period for an exemption from examination for

certain applicants; amending s. 626.231, F.S.;

providing for eligibility to take an

examination for license; amending s. 626.251,

F.S.; deleting a time period with respect to

notice of examination date; amending s.

626.281, F.S.; providing for reexaminations;

amending s. 626.511, F.S.; requiring described

persons to file a statement with the Department

of Insurance describing the reason for the

termination of an agent's appointment and

license; amending s. 626.521, F.S.; providing

for required character and credit reports;

amending ss. 626.611, 626.621, 634.181,

634.191, 634.320, 634.321, 634.422, 634.423,

642.041, 642.043, F.S.; providing uniform

language with respect to discipline or license

refusal, suspension or revocation for persons

having been found guilty of, or having pleaded

guilty or nolo contendere to, a felony or a

CODING: Words strucken are deletions; words underlined are additions.
crime punishable by imprisonment of 1 year or
more; amending s. 626.731, F.S.; revising
criteria for qualifications for a general lines
agent's license; amending s. 626.732, F.S.;
revising language with respect to required
knowledge, experience, or instruction for
license as a general lines agent: amending s.
626.735, F.S.; revising language with respect
to qualifications for a solicitor's license;
amending s. 626.739, F.S.; revising language
with respect to a temporary license; amending
s. 626.740, F.S.; revising language with
respect to temporary limited licenses for
industrial fire agents; amending s. 626.785,
F.S.; relating to license qualifications;
amending s. 626.790, F.S.; revising language
with respect to temporary licenses; amending s.
626.792, F.S.; prohibiting the Department of
Insurance from issuing a life insurance agent's
license to certain nonresidents; amending s.
626.831, F.S.; revising language with respect
to license qualifications; amending s. 626.835,
F.S.; prohibiting the department from issuing
health insurance agent's license to certain
nonresidents; amending s. 626.869, F.S.;
revising criteria for the issuance of a limited
license as an independent or public adjuster;
amending s. 626.943, F.S., relating to powers
and duties of the department; amending s.
626.944, F.S., relating to qualifications for
health care risk managers; amending s. 632 629,
F.S.; providing for fraternal benefit society licenses; amending s. 632.638, F.S., relating to the applicability of the Insurance Code; amending s. 637.415, F.S., relating to the regulation of employees or representatives of dental service plan corporations; creating s. 648.315, F.S.; providing for the number of applications required for licensure as bail bondsmen; amending s. 648.34, F.S.; revising criteria for qualifications of bail bondsman; amending s. 648.37, F.S.; revising criteria for qualifications of runners; amending s. 648.38, F.S.; revising language with respect to examination as a bail bondsman; amending s. 648.39, F.S.; relating to notice of appointment of agents; providing for review and repeal; providing an effective date.

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

Section 1. Subsection (24) is added to section 624.501, Florida Statutes, to read:

624.501 Filing, license, and miscellaneous fees.—The department shall collect in advance, and persons so served shall pay to it in advance, fees, licenses, and miscellaneous charges as follows:

(24) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee..........................$20.00

CODING: Words struck out are deletions; words underlined are additions.
(b) Biennial renewal or continuation of certificate of registration, registration fee......................$20.00

Section 2. Section 626.191, Florida Statutes, is amended to read:

626.191 Repeated applications.--The failure of an applicant to secure a license or permit upon an application shall not preclude him from applying again as many times as he may desire; but the department shall not give consideration to or accept any further application by the same individual for a similar license or permit dated or filed within 30 days subsequent to the date the department denied the last application; except as provided in s. 626.281.

Section 3. Subsection (2) of section 626.211, Florida Statutes, is hereby repealed.

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.--

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years 30-days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 5 Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination; waiting period; general-licenses-agents-and-solicitors.--

CODING: Words stricken are deletions; words underlined are additions.
No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

An applicant for license as a general-lines-agent or solicitor, whose application has been approved, shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the offices of the department at Tallahassee; except that, if the applicant for license as a general-lines-agent is currently licensed as a solicitor, he shall be eligible for the examination for an agent's license upon approval of his application therefor by the department and shall not be subject to the 60-day waiting period.

Such 60-day waiting period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general-lines-agents. The applicant may file his application for license while such schooling or experience is in progress or while such residence requirement is being completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626.251 Time and place of examination; notice.--

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed,

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postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice, not less than 15 days in advance of the examination date. Notice shall be deemed given when so mailed.

Section 7. Subsection (1) of section 626.281, Florida Statutes, is amended to read:

626.281 Reexamination.--

(1) The failure of an applicant to pass an examination, or the failure to appear for the examination or to take or complete the examination, does not preclude the applicant from taking subsequent examinations. A separate and additional application for filing for examination, together with applicable fees, shall be filed with the department or a person designated by the department for each subsequent examination. Any applicant for license who has either:

(a) Taken an examination and failed to make a passing grade; or
(b) Failed to appear for the examination or to take or complete the examination at the time and place specified in the notice of the department;

may, after the expiration of 30 days from the date of the previous such examination either taken or scheduled, upon payment of an additional examination application filing-fee for a second examination take a second examination, based upon the same application for license; if the applicant fails to pass such second examination, he shall not be eligible for or be permitted to take another examination for the same type or class of license except pursuant to a new application for

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licensure-and-payment-of-new-license-fees-and-examination
application-filing-fees-as-required-for-an-initial-application
for-license; and no such application for license shall be
received-on-file-or-considered-by-the-department-until-after
the-expiration-of-30-days-after-the-date-of-denial-of-the
license.- Except that, as to health insurance, an applicant
who has failed the first examination shall be allowed to take
a second examination upon payment of an additional examination
application-filing-fee; and if such applicant fails the
second examination, he shall be required to wait for a period
of 30 days before again applying for license.

Section 8. Subsection (1) of section 626.511, Florida
Statutes, is amended to read:

626.511 Reasons for termination; privileged
information.--

(1) Any insurer terminating the appointment and
license of an agent; any general lines agent terminating the
appointment and license of a solicitor or a crop hail or
multiple-peril crop insurance agent; and any employer
terminating the employment, license, or permit of an adjuster,
service representative, supervising or managing general agent,
or claims investigator, whether such termination is by direct
action of the appointing insurer, agent, or employer or by
failure to renew or continue the appointment and license as
provided, shall file with the department a statement of the
reasons, if any, for, and the facts relative to, such
termination; unless the termination is for a license other
than a primary license of a life agent and is for the sole
reason that the life agent’s primary license was terminated by
the appointing insurer or the agent to whom it was issued. In
the case of termination of the appointment of an agent, such

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Section 9. Subsections (1) and (3) of section 626.521, Florida Statutes, are amended to read:

626.521 Character, credit reports.--

(1) As to each applicant who for the first time in this state is applying and qualifying for a license as agent, solicitor, or adjuster, or for a permit as service representative, supervising or managing general agent, or claims investigator, the appointing insurer or its manager or general agent in this state, in the case of agents, or the appointing general lines agent, in the case of solicitors, or the employer, in the case of service representatives and claims investigators and of adjusters who are not to be self-employed, shall coincidentally with such appointment or employment secure and thereafter keep on file a full detailed credit and or character report, made by an established and reputable independent credit reporting service, relative to the individual so appointed or employed; except that a life insurer may use its own reporting service for the making of such a report, unless otherwise expressly requested by the department.

(3) As to an applicant for an adjuster's license who is to be self-employed, the department shall secure, at the cost of the applicant, a full detailed credit and or character report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 10. Subsection (14) of section 626.611, Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or

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service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department
shall deny, suspend, revoke, or refuse to renew or continue
the license of any agent, solicitor, or adjuster or the permit
of any service representative, supervising or managing general
agent, or claims investigator, and it shall suspend or revoke
the eligibility to hold a license or permit of any such
person, if it finds that as to the applicant, licensee, or
permittee any one or more of the following applicable grounds
exist:

(14) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state which
involves moral turpitude, without regard to whether a judgment
of conviction has been entered by the court having
jurisdiction of such cases.

Section 11. Subsection (8) of section 626.621, Florida
Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension,
or revocation of agent's, solicitor's, or adjuster's license
or service representative's, supervising or managing general
agent's, or claims investigator's permit.--The department may,
in its discretion, deny, suspend, revoke, or refuse to renew
or continue the license of any agent, solicitor, or adjuster
or the permit of any service representative, supervising or
managing general agent, or claims investigator, and it may
suspend or revoke the eligibility to hold a license or permit
of any such person, if it finds that as to the applicant,
licensee, or permittee any one or more of the following

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applicable grounds exist under circumstances for which such
denial, suspension, revocation, or refusal is not mandatory
under s. 626.611:

(8) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state, without
regard to whether a judgment of conviction has been entered by
the court having jurisdiction of such cases.

Section 12. Paragraph (b) of subsection (1) of section
626.731, Florida Statutes, is amended, and paragraphs (g) and
(h) are added to said section 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 is 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 year's 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.
626.731(b) or (g) who is a bona fide resident of this
state.

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An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

That the applicant has passed any required examination for license required under s. 626.221.

Section 13. Subsections (1) and (3) of section 626.732, Florida Statutes, are amended to read:

626.732 Requirement as to knowledge, experience, or instruction.--

(1) Except as provided in subsection (3), no applicant for a license as a general lines agent, other than as to a limited license as to baggage insurance, shall be qualified therefor or be so licensed unless within the 4 years immediately preceding the date his application for license is filed with the department, he has:

(a) Taught or successfully completed classroom courses in insurance satisfactory to the department at a school, college, or extension division thereof, approved by the department;

(b) Completed a correspondence course in insurance satisfactory to the department and regularly offered by accredited institutions of higher learning in this state and, except if he is applying for a limited license under s. 626.321, has had at least 6 months of responsible insurance duties as a substantially full-time bona fide employee of an

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agent-or-of-an-insurer; its-managers; general-agents; or
representatives; in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer; its-managers; managing-general-agents;
or-representatives; in all lines of property and casualty
insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In-the-case-of-an-applicant-for-license-who-is
enrolled-in-and-actively-pursuing-classroom-courses-as
referred-to-in-paragraph-(i) or-a-correspondence-course-as
specified-in-paragraph-(ii), the-department-may-in-its
discretion-permit-the-applicant-to-file-his-application-for
license-not-earlier-than-60-days-prior-to-the-completion-of
such-courses-and-of-the-6-months-of-insurance-employment-and
experience-as-referred-to-in-paragraph-(ii), in-order-that
the-completion-of-the-courses-and-of-such-insurance-employment
and-experience-may-run-concurrently-with-the-60-day-waiting
period-required-under-s. 626.29(2) for eligibility-for
examination. An individual who was or became qualified to sit
for an agent's or adjuster's examination at or during the time
he was employed by the department and who while so employed
was employed in responsible insurance duties as a full-time
bona fide employee shall be permitted to take an examination
if application for such examination is made within 90 days
after the date of termination of his employment with the
department

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Section 14. Subsection (3) of section 626.735, Florida Statutes, is amended, and subsections (8) and (9) are added to said section, to read:

626.735 Qualifications for solicitor's license.--The department shall not grant or issue a license as solicitor as 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 the license it affirmatively appears:

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as an substantially full-time employee of an agent of an insurer, its managers, managing general agents, or representatives.

(8) That the applicant has passed any required examination for license required under s. 626.221.

(9) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of subsection (2), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

Section 15. Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence of agent.--

CODING: Words struck are deletions; words underlined are additions.
(1) The department may, in its discretion, issue a temporary license as agent to a licensed agent's employee, family member, business associate, or personal representative, or to the representative of a direct writing insurer of which the agent was the licensed agent in the area served by the agency, for the purpose of continuing or winding up the business affairs of the agent or agency, all subject to the following conditions:

  (g) The holder of a temporary license may be granted a regular agent's license upon taking and successfully completing a classroom course or correspondence course in insurance or having the insurance employment experience as prescribed in s. 626.732 and passing an examination as required by s. 626.221; but the department may waive the requirements as to residence and the time of taking such examination as prescribed in s. 626.231(2).

Section 16. Subsection (2) of section 626.740, Florida Statutes, is amended to read:

626.740 Temporary limited license as industrial fire agent; pending examination.--

(2) If the applicant fails to pass the first examination, he may, after the expiration of 30 days, take another examination. An applicant permitted to take another examination shall file another examination application and pay along with the required filing fee.

Section 17. Subsection (2) of section 626.785, Florida Statutes, 1986 Supplement, is amended to read:

626 785 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time

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of application for license, of a license in his name on the
records of another state as a resident licensee agent of such
other state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing or the department acquires proof satisfactory
to the department that the applicant has made written request
for the cancellation of such other license, either to the
insurer represented thereunder or to the proper official of
the other state.

Section 18. Subsection (2) of section 626.790, Florida
Statutes, is amended to read:

626.790 Temporary license; pending examination.--

(2) If the applicant fails to pass the first
examination, he may, after the expiration of 30 days, take
another examination. An applicant permitted to take another
examination shall file another examination application and pay
along with the required filing fee.

Section 19. Subsection (2) of section 626.792, Florida
Statutes, is amended to read:

626.792 Nonresident agents.--

(2) The department may enter into reciprocal
agreements with the appropriate official of any such other
state or province of Canada waiving the written examination of
any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant
for a life insurance agent's license in such other state or
province;

(b) The appropriate official of the other state or
province certifies that the applicant holds a currently valid
license as a life insurance agent in such other state or

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province and either passed such a written examination or was
the holder of a life insurance agent's license prior to the
time a written examination was required; and

(c) In such other state or province, a resident of
this state is privileged to procure a life insurance agent's
license upon the foregoing conditions and without
discrimination as to fees or otherwise in favor of the
residents of such other state or province.

(d) The department may not issue a nonresident life
insurance agent's license to any nonresident who at the time
of issuance and throughout the existence of the Florida
license does not hold a resident license as life agent issued
by the nonresident's state or province.

Section 20. Subsection (2) of section 626.831, Florida
Statutes, is amended to read:

626.831 Qualifications for license.--
(2) An individual who is a bona fide resident of this
state shall be deemed to meet the residence requirement of
paragraph (1)(b), notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee agent of such
other state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing or the department acquires proof satisfactory
to the department that the applicant has made written request
for the cancellation of such other license, either to the
insurer represented thereunder or to the proper official of
the other state.

Section 21. Subsection (2) of section 626.835, Florida
Statutes, is amended to read:

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626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a health insurance agent in such other state or province and either has passed such a written examination or was the holder of a health insurance agent's license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a health insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(d) The department may not issue a nonresident health insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as health agent issued by the nonresident's state or province.

Section 22. Subsection (2) of section 626.869, Florida Statutes, is amended to read:

626.869 License, permit classes; adjusters, claims investigators.--

(2) A limited license set forth in subsection (1) as an independent or public adjuster may only be issued to and retained by an employee of an independent or public adjuster

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licensed in all lines of insurance other than life and
annuity, the office of the limited lines adjuster must be in
the office of the licensed all-lines adjuster responsible for
his supervision and instruction.

Section 23. Subsection (6) of section 626.943, Florida
Statutes, is amended to read:

626.943 Powers and duties of the department.--It is
the function of the department to:

(6) Establish procedures for providing the Department
of Health and Rehabilitative Services with periodic reports on
persons certified licensed or disciplined by the department
under this part.

Section 24. Subsection (3) of section 626.944, Florida
Statutes, 1986 Supplement, is amended to read:

626.944 Qualifications for health care risk
managers.--

(3) The department shall issue a certificate,
beginning on June 1, 1986, to practice health care risk
management to any applicant who qualifies under this section
and submits the certification license fee as set forth in s.
624.501. Certificates shall be issued and canceled in the
same manner as provided in part I of this chapter.

Section 25. Section 632.629, Florida Statutes, 1986
Supplement, is amended to read:

632.629 Annual license.--

(1) A fraternal benefit society may not transact
business in this state unless authorized therefor under a
subsisting license issued to the society by the department.

(2) A license issued or renewed under this code shall
continue in force as long as the society is entitled thereto
under this code and until suspended or revoked by the
department or terminated at the request of the society, 
provided:

(a) The society pays, prior to June 1, the annual 
license tax provided for in s. 624.501(3); and 

(b) The department is satisfied that the society has 
met the applicable requirements of the Florida Insurance Code. 

(3) If the license is not continued by the society, 
the license shall expire at midnight on May 31 following 
failure of the society to continue it. The department shall 
promptly notify the society of the impending expiration of its 
license. 

(4) The department may reinstate a license which the 
society has inadvertently permitted to expire, after the 
society has fully cured all its failures which resulted in the 
expiration, and upon payment by the society of the fee for 
reinstatement in the amount provided in s. 624.501(1)(b). 
Otherwise, the society shall be granted another license only 
after filing application therefor and meeting all other 
requirements as for an original license in this state. 
Societies which are now authorized to transact business in 
this state may continue such business until June 1 next 
succeeding June 24, 1986.--The authority of such societies and 
all societies hereafter licensed may thereafter be renewed 
annually; but in all cases such authority shall terminate on 
the succeeding June 1. However, a license so issued shall 
continue in full force and effect until the new license is 
issued or specifically refused.--The society shall pay the 
department the annual license tax provided for in s. 
624.501(3) for each such license or renewal.

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(5) A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Section 26. Subsections (6), (7), (8), (9), (10) and (11) of section 632.638, Florida Statutes, 1986 Supplement, are renumbered as subsections (8), (9), (10), (11), (12) and (13), respectively, and new subsections (6) and (7) are added to said section to read:

632.638 Applicability of other code provisions.--In addition to the provisions heretofore contained or referred to in this chapter, other chapters and provisions of this code shall apply to fraternal benefit societies, to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications thereof, as follows:

(6) Part III of chapter 626;

(7) Part IV of chapter 626;

Section 27. Subsection (11) is added to section 634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or revocation of registration of salesmen.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any such salesman if it finds that as to the salesman any one or more of the following applicable grounds exist:

(11) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard

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to whether a judgment of conviction has been entered by the
court having jurisdiction of such cases.

Section 28. Subsection (6) of section 634.191, Florida
Statutes, is amended to read

634.191 Grounds for discretionary refusal, suspension,
revocation of registration of salesmen.--The department may,
in its discretion, deny, suspend, revoke, or refuse to renew
or continue the registration of any salesman if it finds that
as to the salesman any one or more of the following applicable
grounds exist under circumstances for which such denial,
suspension, revocation, or refusal is not mandatory under s.
634.181:

(6) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or any state thereof or under the law of any
other country, without regard to whether a judgment of
conviction has been entered by the court having jurisdiction
of such cases Conviction-of-a-felony.

Section 29. Subsection (11) of section 634.320,
Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or
revocation of registration of sales representatives.--The
department shall deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist:

(11) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other

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country involving moral turpitude, -in-this-state-or-any-other
state, without regard to whether judgment of conviction has
been entered by the court.

Section 30. Subsection (6) of section 634.321, Florida
Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension,
or revocation of registration of sales representatives.--The
department may, in its discretion, deny, suspend, revoke, or
refuse to renew or continue the registration of any sales
representative if it is found, after notice and hearing
thereon as provided in s. 634.322, that any one or more of the
following grounds applicable to the sales representative exist
under circumstances for which such denial, suspension,
revocation, or refusal is not mandatory under s. 634.320:

(6) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country, -in-this-state-or-any-other-state, without regard to
whether a judgment of conviction has been entered by the
court.

Section 31. Subsection (11) of section 634.422,
Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or
revocation of registration of sales representatives.--The
department shall deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist:

(11) Being found guilty of or pleading nolo contendere
to a felony or a crime punishable by imprisonment of 1 year or

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more under the law of the United States of America or any
state thereof or under the law of any other country involving
moral turpitude, in this state or any other state, without
regard to whether judgment of conviction has been entered by
the court having jurisdiction of such case.

Section 32. Subsection (6) of section 634.423, Florida
Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension,
or revocation of registration of sales representatives.--The
department may deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist under circumstances for
which such denial, suspension, revocation, or refusal is not
mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country, in this state or any other state, without regard to
whether judgment of conviction has been entered by the court
having jurisdiction of such case.

Section 33. Subsection (5) of section 637.415, Florida
Statutes, is amended to read:

637.415 Regulation of employees or representatives of
dental service plan corporations.--

(5) The grounds and procedures for refusal,
suspension, or revocation of a license issued to any employee
or representative of a dental service plan corporation shall
be as set forth in ss. 626.611 through 626.691 et

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Section 34. Subsection (11) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or revocation of registration of contracting sales representatives.—The department shall, pursuant to the insurance code, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative or the license of any general lines agent or solicitor if it finds that, as to the sales representative, general lines agent, or solicitor, any one or more of the following applicable grounds exist:

(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States or America or any state thereof or under the laws of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 35. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by

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imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 36. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.--After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or

(2) A period of 24 months transpires between the time the licensee's last limited surety agent or professional bondsman's license is terminated and the date an application for a similar license is received by the department in Tallahassee.

Section 37. Paragraph (d) of subsection (2) of section 648.34, Florida Statutes, is amended, paragraphs (g) and (h) are added to said subsection, and subsection (3) of said section is amended to read:

648.34 Bail bondsmen; qualifications.--

(2) To qualify as a bail bondsman, it must affirmatively appear at the time of application and throughout the period of licensure that:

(d) The applicant has successfully completed a basic certification course in the criminal justice system, consisting of not less than 80 hours, approved by the board and has successfully completed, within 2 years of the date of...
his application, a correspondence course for bail bondsmen approved by the board.

(q) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (2)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(h) The applicant has passed any required examination.

(3) A fee of $18 shall be submitted to the department with each application; in addition to the $18 fee; The department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 38. Paragraph (g) is added to subsection (2) of section 648.37, Florida Statutes, and subsection (3) of said section is amended to read:

648.37 Runners; qualifications.--

(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(q) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of
paragraph (2)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee shall be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 39. Section 648.38, Florida Statutes, is amended to read:

648.38 Examination; time; place; fee; scope.--

(a) If upon the basis of the completed application for examination and such further inquiry or investigation as the department may make concerning the fitness and qualifications of the applicant, the department is satisfied that, subject to any examination required to be taken and passed by the applicant for a license, the applicant is qualified to take the examination applied for and that all pertinent taxes and fees have been paid, it shall approve the application.

(b) If upon the basis of the completed application for examination and such further inquiry or investigation as to the fitness and qualifications of the applicant, the
department deems the applicant to be unfit or lacking in any one or more of the required qualifications as specified in s. 648.34 as to limited surety agents, and ss. 648.34 and 648.35 as to professional bondsmen, the department shall disapprove the application.

(c) At the time of filing his application for examination, each applicant shall pay to the department or a person designated by the department a fee for filing the application for the examination. To provide the applicant with options such as electronic examinations, a fee to cover the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant shall be required to appear in person at a place hereinafter designated to take a written examination prepared by the department, or by a person designated by the department for that purpose, and approved by the board, testing his ability and qualifications to be a bail bondsman. The board shall determine the minimum performance level required for passage of the examination in order to ensure that the applicant has an adequate level of competence and knowledge of the duties and responsibilities of a bail bondsman.

(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice. Notice shall be deemed given when so mailed.

CODING: Words struck out are deletions; words underlined are additions.
Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee, provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant and he shall be entitled to notice of the time and place not less than 15 days prior to taking the examination.

A fee of $10 shall be submitted to the department with each application, such fee to be deposited to the credit of the insurance commissioner's regulatory trust fund. The fee for filing an application for examination shall not be subject to refund.

(5) The failure of the applicant to secure approval of the department shall not preclude him from applying as many times as he desires, but no application will be considered by the department within 60 days subsequent to the date upon which the department denied the last application.

(6) The failure of an applicant to pass an examination, after having been approved by the department to take the examination, does not preclude him from taking subsequent examinations. A separate and additional application and fee for filing an application for examination shall be filed with the department for each subsequent examination; provided however, that at least 30 days must intervene between examinations.

(7) The $10 fee for filing an application for examination shall apply to each examination; but once an applicant has
been-approved-by-the-department-he-will-not-have-to-file
another-application-as-set-forth-in-ss.-848.34-and-848.35
unless-specifically-so-ordered-by-the-department. Any bail
bondsman who successfully passes an examination must be
licensed within 24 months from date of examination or be
subject to another examination unless failure to be so
licensed was due to military service, in which event the
period within which another examination is not required may,
in the department's discretion, be extended to 12 months
following the date of discharge from military service, if the
military service does not exceed 3 years, but in no event to
extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as
the bail bond business.

Section 40. Subsection (1) of section 848.39, Florida
Statutes, is amended to read:

848.39 Notice of appointment of agents; termination.--

(1) Each insurer shall biennially, prior to March
September 1 of each odd-numbered year, file with the
department an alphabetical list of all agents appointed
pursuant to this chapter, giving the type and class of
license, name, and address of each licensee whose appointment
and license in this state is being renewed or is to be
continued in effect, accompanied by payment of the applicable
renewal or continuation fees and taxes. Each such insurer
which shall, subsequent to the filing of this list, expect to
appoint an agent pursuant to this chapter in this state shall
give notice thereof to the department along with a written
application for license for such agent. All such appointments
shall be subject to the issuance of licenses pursuant to this
chapter to such agents.

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Section 41. Section 648.315, Florida Statutes, is repealed on October 1, 1988, and shall be reviewed prior to that date by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 42. This act shall take effect October 1, 1987.

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LEGISLATIVE SUMMARY

Revises state law governing insurance agents. Among other changes the act:
1. Authorizes applicants for examination to retake the exam as many times as they desire.
2. Requires character and credit reports.
3. Provides uniform language for discipline, refusal, suspension, or revocation of licensure with respect to persons who have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country.
4. Eases restrictions on bona fide residents who are licensees in another state.
5. Prohibits the Department of Insurance from issuing certain licenses to any nonresident who at the time of issuance and throughout the existence of the nonresident license does not hold a license issued by another state or province.
6. Revises state law governing bail bondsmen.

See bill for details.

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By the Committee on appropriations and senator earnings

A bill to be entitled

An act relating to insurance; amending s
624.501, F.S., providing fees for registration
certificates with respect to certain military
installations; amending s 626.191, F.S.,
permitting applicants for a license or permit
as an insurance agent to reapply; repealing s.
626.211(2), F.S., relating to notification of
place and time of examination for a license or
permit as an agent, solicitor, or adjuster,
amending s. 626.221, F.S., increasing the time
period for an exemption from examination for
certain applicants; amending s. 626.23., F.S.;
providing for eligibility to take an
examination for license; amending s. 626.251,
F.S., deleting a time period with respect to
notice of examination date, amending s.
626.281, F.S.; providing for reexaminations,
amending s. 626.511, F.S.; requiring described
persons to file a statement with the Department
of Insurance describing the reason for the
termination of an agent's appointment and
license, amending s. 626.521, F.S., providing
for required character and credit reports,
amending ss. 626.611, 626.621, 634.181,
634.191, 634.320, 634.321, 634.422, 634.423,
642.041, 642.043, F.S.; providing uniform
language with respect to discipline or license
refusal, suspension or revocation for persons
having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a
crime punishable by imprisonment of 1 year or
more, amending s 626.731, F.S.; revising
criteria for qualifications for a general lines
agent's license; amending s. 626 732, F.S.;
revising language with respect to required
knowledge, experience, or instruction for
license as a general lines agent; amending s.
626.735, F.S.; revising language with respect
to qualifications for a solicitor's license,
amending s 626.739, F.S.; revising language
with respect to a temporary license; amending
s. 626 740, F.S.; revising language with
respect to temporary limited licenses for
industrial fire agents; amending s 626.785,
F. S., relating to license qualifications,
amending s 626.730, F S., revising language
with respect to temporary licenses, amending s.
626 792, F.S., prohibiting the Department of
Insurance from issuing a life insurance agent's
license to certain nonresidents; amending s.
626.831, F.S., revising language with respect
to license qualifications, amending s. 626.835,
F S.; prohibiting the department from issuing
health insurance agent's license to certain
nonresidents, amending s. 626.854, F S.,
revising the definition of "public adjuster",
amending s 626 869, F.S., revising criteria
for the issuance of a limited license as an
independent or public adjuster, amending s.
626 943, F.S., relating to powers and duties of
the department, amending s. 626 944, F.S.,

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relating to qualifications for health care risk
managers, amending s. 612.629, F.S.; providing
for fraternal benefit society licenses;
amending s. 632 638, F.S., relating to the
applicability of the Insurance Code, amending
s. 637 415, F.S., relating to the regulation of
employees or representatives of dental service
plan corporations, creating s. 648.315, F.S.;
providing for the number of applications
required for license as bail bondsmen,
amending s. 648.34, F.S., revising criteria for
qualifications of bail bondsmen, amending s.
648.37, F.S., revising criteria for
qualifications of runners, amending s. 648.38,
F.S. revising language with respect to
examination as a bail bondsman, amending s.
648.39, F.S., relating to notice of appointment
of agents; providing for review and repeal,
providing an effective date.

Be It Enacted by the Legislature of the State of Florida

Section 1. Subsection (24) is added to section
624.501, Florida Statutes, to read

624.501 Filing, license, and miscellaneous fees.—The
department shall collect in advance, and persons so served
shall pay to it in advance, fees, licenses, and miscellaneous
charges as follows:

(24) Registration certificates, certain military
installations, as authorized under s. 626.322

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(a) Original certificate of registration, registration fee. ........... $20.00

(b) Biennial renewal or continuation of certificate of registration, registration fee .... $20.00

Section 2. Section 626.191, Florida Statutes, is amended to read:

626.191 Repeated applications.--The failure of an applicant to secure a license or permit upon an application shall not preclude him from applying again as many times as he may desire, but the department shall not give consideration to or accept any further application by the same individual for a similar license or permit dated or filed within 30 days subsequent to the date the department denied the last application, except as provided in ss. 626.221, 626.222.

Section 3. Subsection (2) of section 626.211, Florida Statutes, is hereby repealed.

Section 4. Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement exceptions —

(2) However, no such examination shall be necessary in any of the following cases

(g) An applicant who, within 2 years 30 days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 5. Section 626.231, Florida Statutes, is amended to read:

CODING. Words stricken are deletions, words underlined are additions.
Eligibility for examination—waiting period.

No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

An applicant for license as a general lines agent or solicitor whose application has been approved shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the office of the department at Tallahassee; except that, if the applicant for license as a general lines agent is currently licensed as a solicitor, he shall be eligible for the examination for an agent's license upon approval of his application therefor by the department and shall not be subject to the 60-day waiting period.

Such 60-day waiting period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general lines agents.

The applicant may file his application for license while such schooling or experience is in progress or while such residence requirement is being completed.

Section 6. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take

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an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice, not-less-than-15-days-in-advance-of-the-examination-date. Notice shall be deemed given when so mailed.

Section 7. Subsection (1) of section 626.281, Florida Statutes, is amended to read:

626.281 Reexamination.--

(1) The failure of an applicant to pass an examination, or the failure to appear for the examination or to take or complete the examination, does not preclude the applicant from taking subsequent examinations. A separate and additional application for filing for examination, together with applicable fees, shall be filed with the department or a person designated by the department for each subsequent examination. Any applicant for license who has either:

(a) Taken an examination and failed to make a passing grade; or

(b) Failed to appear for the examination or to take or complete the examination at the time and place specified in the notice of the department, may, after the expiration of 30 days from the date of the previous such examination either taken or scheduled, upon payment of an additional examination application filing fee for a second examination take a second examination, based upon the same application for license, if the applicant fails to pass such second examination, he shall not be eligible for or

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be permitted to take another examination for the same type or class of license except pursuant to a new application for license and payment of new license fees and examination application filing fees as required for an initial application for license; and no such application for license shall be received on file or considered by the department until after the expiration of 30 days after the date of denial of the license—Except that as to health insurance, an applicant who has failed the first examination shall be allowed to take a second examination upon payment of an additional examination application filing fee; and if such applicant fails the second examination he shall be required to wait for a period of 30 days before applying for license.

Section 8. Subsection (1) of section 626.511, Florida Statutes, is amended to read

626.511 Reasons for termination, privileged information.—

(1) Any insurer terminating the appointment and license of an agent, any general lines agent terminating the appointment and license of a solicitor or a crop hail or multiple-peril crop insurance agent, and any employer terminating the employment, license, or permit of an adjuster, service representative, supervising or managing general agent, or claims investigator, whether such termination is by direct action of the appointing insurer, agent, or employer or by failure to renew or continue the appointment and license as provided, shall file with the department a statement of the reasons, if any, for, and the facts relative to, such termination; unless the termination is for a license other than a primary license of a life agent and is for the sole reason that the life agent's primary license was terminated by

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the-appointing-insurer-or-the-agent-to-whom-it-was-issued. In the case of termination of the appointment of an agent, such information may be filed by the insurer or by the general agent of the insurer.

Section 9 Subsections (1) and (3) of section 626.521, Florida Statutes, are amended to read:

626.521 Character, credit reports.--

(1) As to each applicant who for the first time in this state is applying and qualifying for a license as agent, solicitor, or adjuster, or for a permit as service representative, supervising or managing general agent, or claims investigator, the appointing insurer or its manager or general agent in this state, in the case of agents, or the appointing general lines agent, in the case of solicitors, or the employer, in the case of service representatives and claims investigators and of adjusters who are not to be self-employed, shall coincidentally with such appointment or employment secure and thereafter keep on file a full detailed credit and or character report, made by an established and reputable independent credit reporting service, relative to the individual so appointed or employed, except that a life insurer may use its own reporting service for the making of such a report, unless otherwise expressly requested by the department.

(3) As to an applicant for an adjuster's license who is to be self-employed, the department shall secure, at the cost of the applicant, a full detailed credit and or character report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 10. Subsection (14) of section 626.611, Florida Statutes, is amended to read:

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625.611 Grounds for compulsory refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit. -- The department shall deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it shall suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist:

(14) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 11. Subsection (8) of section 626.621, Florida Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit. -- The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it may suspend or revoke the eligibility to hold a license or permit.

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of any such person, if it finds that as to the applicant,
licensee, or permittee any one or more of the following
applicable grounds exist under circumstances for which such
denial, suspension, revocation, or refusal is not mandatory
under s 626.611

(b) Having been found guilty of, or having pleaded
guilty or rolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or of any state thereof or under the law of
any other country in this state or any other state, without
regard to whether a judgment of conviction has been entered by
the court having jurisdiction of such cases.

Section 12. Paragraph (b) of subsection (1) of section
626.731, Florida Statutes, is amended, and paragraphs (g) and
(h) are added to said section 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
cf the following qualifications, and unless from the
application for license it affirmatively appears

(b) That the applicant is has been a bona fide
resident of this state, for at least 1 year, except
that the department, in its discretion, may waive the
requirement for 1 year's 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.

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626.732(1)(b) or (g) who is a bona fide resident of this state.

(g) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(h) That the applicant has passed any required examination for license required under s. 626.221.

Section 13. Subsections (1) and (3) of section 626.732, Florida Statutes, are amended to read

626.732 Requirement as to knowledge, experience, or instruction.--

(1) Except as provided in subsection (3), no applicant for a license as a general lines agent, other than as to a limited license as to baggage insurance, shall be qualified therefor or be so licensed unless within the 4 years immediately preceding the date his application for license is filed with the department, he has

(a) Taught or successfully completed classroom courses in insurance satisfactory to the department at a school, college, or extension division thereof, approved by the department;

(b) Completed a correspondence course in insurance satisfactory to the department and regularly offered by accredited institutions of higher learning in this state and, except if he is applying for a limited license under s.

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626.321, has had at least 6 months of responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer, its-managers, general-agents, or
representatives, in all lines of property and casualty
insurance set forth in s. 626.041(1); or

(c) Completed at least 1 year in responsible insurance
duties as a substantially full-time bona fide employee of an
agent-or-of-an-insurer, its-managers, managing-general-agents,
or-representatives, in all lines of property and casualty
insurance, exclusive of aviation and wet marine and
transportation insurances, but not exclusive of boats of less
than 36 feet in length or aircraft not held out for hire, as
set forth in s. 626.041(1), without the education requirement
mentioned in paragraph (a) or paragraph (b).

(3) In the case of an applicant for license who is
enrolled in and actively pursuing classroom courses as
referred to in paragraph (a) or a correspondence course as
specified in paragraph (b), the department may, in its
discretion, permit the applicant to file his application for
license not earlier than 60 days prior to the completion of
such courses and of the 6 months of insurance employment and
experience as referred to in paragraph (b), in order that
the completion of the courses and of such insurance employment
and experience may run concurrently with the 60-day waiting
period required under s. 626.23(2) for eligibility for
examination. An individual who was or became qualified to sit
for an agent's or adjuster's examination at or during the time
he was employed by the department and who while so employed
was employed in responsible insurance duties as a full-time
bona fide employee shall be permitted to take an examination
if application for such examination is made within 90 days

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after the date of termination of his employment with the department.

Section 14. Subsection (J) of section 626.735, Florida Statutes, is amended, and subsections (8) and (9) are added to said section, to read

626.735 Qualifications for solicitor's license.--The department shall not grant or issue a license as solicitor as 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 the license it affirmatively appears

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as a the substantially full-time employee of an-agent-or-of-an-insurer-its-managers-managing general-agents-or-representatives.

(8) That the applicant has passed any required examination for license required under s. 626.221.

(9) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of subsection (2), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

Section 15. Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read

CODING: Words Strikene are deletions, words underlined are additions
626 739 Temporary license: death, disability, absence
of agent.--

(1) The department may, in its discretion, issue a
temporary license as agent to a licensed agent's employee,
family member, business associate, or personal representative,
or to the representative of a direct writing insurer of which
the agent was the licensed agent in the area served by the
agency, for the purpose of continuing or winding up the
business affairs of the agent or agency, all subject to the
following conditions.

(g) The holder of a temporary license may be granted a
regular agent's license upon taking and successfully
completing a classroom course or correspondence course in
insurance or having the insurance employment experience as
prescribed in s 626.732 and passing an examination as
required by s. 626.221.-out-the-department-may-waive-the
requirements-as-to-residence-and-the-time---taking-such
examination-as-prescribed-in-st-626.231+27.

Section 16 Subsection (2) of section 626.740, Florida
Statutes, is amended to read:

626.740 Temporary limited license as industrial fire
agent, pending examination.--

(2) If the applicant fails to pass the first
examination, he may,-after-the-expiration-of-30-days,-take
another examination An applicant permitted to take another
examination shall file another examination application and pay
along-with the required filing fee.

Section 17. Subsection (2) of section 626.785, Florida
Statutes, 1986 Supplement, is amended to read

626.785 Qualifications for license --
(2) An individual no is a bona fide resident of this
state shall be deemed to meet the residence requirement of
paragraph (1)(d), notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee agent or such
other state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing or the department acquires proof satisfactory
to the department that the applicant has made written request
for the cancellation of such other license, either to the
insurer-represented therein under or to the proper official of
the other state.

Section 18. Subsection (2) of section 62b 790, Florida
Statutes, is amended to read.

62b 790 Temporary license, pending examination --

(2) If the applicant fails to pass the first
examination, he may, after the expiration of 30 days, take
another examination. An applicant permitted to take another
examination shall file another examination application and pay
along with the required filing fee.

Section 19 Subsection (2) of section 626,792, Florida
Statutes, is amended to read.

626 792 Nonresident agents --

(2) The department may enter into reciprocal
agreements with the appropriate official of any such other
state or province of Canada waiving the written examination of
any applicant resident in such other state or province, if

(a) A written examination is required of an applicant
for a life insurance agent's license in such other state or
province.
(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a life insurance agent in such other state or province and either passed such a written examination or was the holder of a life insurance agent's license prior to the time a written examination was required; and

c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

d) The department may not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as life agent issued by the nonresident's state or province.

Section 20. Subsection (2) of section 626.831, Florida Statutes, is amended to read.

626.831 Qualifications for license.

(2) With the exception of a public adjuster limited to health insurance, an individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other

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Section 21. Subsection (2) of section 626.835, Florida Statutes, is amended to read:

626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent's license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a health insurance agent in such other state or province and either has passed such a written examination or was the holder of a health insurance agent's license prior to the time a written examination was required, and

(c) In such other state or province, a resident of this state is privileged to procure a health insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(d) The department may not issue a nonresident health insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as health agent issued by the nonresident's state or province.

Section 22 Section 626.854, Florida Statutes, is amended to read
626.874 "Public adjuster" defined.--A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. 626.860 provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for another person or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured in negotiating for, or effecting the settlement of, a claim or claims for loss or damage covered by an insurance contract, or who advertises for employment as an adjuster of such claims, and also includes any person who, for money, commission or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such public adjuster. This definition does not apply to a licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.

Section 23. Subsection (2) of section 626.869, Florida Statutes, is amended to read:

626.869 License, permit classes; adjusters, claims investigators.--

(2) With the exception of a public adjuster limited to health insurance, a limited license set forth in subsection (1) as an independent or public adjuster may only be issued to and retained by an employee of an independent or public adjuster licensed in all lines of insurance other than life and annuity, the office of the limited lines adjuster must be in the office of the licensed all-lines adjuster responsible for his supervision and instruction.

Section 24 Subsection (6) of section 626.943, Florida Statutes, is amended to read:

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626.943 Powers and duties of the department -- It is the function of the department to
(6) Establish procedures for providing the Department of Health and Rehabilitative Services with periodic reports on persons certified licensed or disciplined by the department under this part.

Section 25. Subsection (3) of section 626.944, Florida Statutes, 1986 Supplement, is amended to read

626.944 Qualifications for health care risk managers.--
(3) The department shall issue a certificate, beginning on June 1, 1986, to practice health care risk management to any applicant who qualifies under this section and submits the certification fee as set forth in s. 624.501. Certificates shall be issued and canceled in the same manner as provided in part I of this chapter.

Section 26. Section 632.629, Florida Statutes, 1986 Supplement, is amended to read

632.629 Annual license.--
(1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.
(2) A license issued or renewed under this code shall continue in force as long as the society is entitled thereto under this code and until suspended or revoked by the department or terminated at the request of the society, provided
(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(3); and
(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

(3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

(4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement in the amount provided in s 624.501(1)(b).

Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1 next succeeding June 24, 1986; the authority to such societies and all societies hereafter licensed may thereafter be renewed annually, but in all cases such authority shall terminate on the succeeding June 24. However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused; the society shall pay the department the annual license tax provided for in s 624.501(3) for each such license or renewal.

(5) A duly certified copy or duplicate of such license shall be prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Section 27 Subsections (6), (7), (9), (10), (11) and (12) of section 632.638, Florida Statutes, 1986 Supplement, are renumbered as subsections (8), (9), (10), (11), (12) and (13) of section 632.638.
(13), respectively, and new subsections (6) and (7) are added to said section to read:

632.638 Applicability of other code provisions.—In addition to the provisions heretofore contained or referred to in this chapter, other chapters and provisions of this code shall apply to fraternal benefit societies, to the extent applicable and not in conflict with the express provisions of this chapter and the reasonable implications thereof, as follows:

(6) Part III of chapter 626;

(7) Part IV of chapter 626;

Section 28 Subsection (11) is added to section 634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or revocation of registration of salesmen.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any such salesman if it finds that as to the salesman any one or more of the following applicable grounds exist:

(11) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 29. Subsection (6) of section 634.191, Florida Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension, revocation of registration of salesmen.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew

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or continue the registration of any salesman if it finds that
as to the salesman any one or more of the following applicable
grounds exist under circumstances for which such denial,
suspension, revocation, or refusal is not mandatory under s.
634.181:

(6) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable
by imprisonment of 1 year or more under the law of the United
States of America or any state thereof or under the law of any
other country, without regard to whether a judgment of
conviction has been entered by the court having jurisdiction
of such cases Conviction-of-a-felony.

Section 30. Subsection (11) of section 634.320, Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or
revocation of registration of sales representatives.--The
department shall deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist

(11) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country involving moral turpitude, in this state or any other
state, without regard to whether judgment of conviction has
been entered by the court.

Section 31. Subsection (6) of section 634.321, Florida
Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension,
or revocation of registration of sales representatives.--The

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department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found, after notice and hearing thereon as provided in § 634.322, that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under § 634.320

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, in-this-state-or-any-other-state; without regard to whether a judgment of conviction has been entered by the court

Section 32. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist.

(11) Being found guilty of or pleading nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, in-this-state-or-any-other-state; without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 33. Subsection (6) of section 634.422, Florida Statutes, is amended to read:
634.423 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives. The department may deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country in this state or any other state, without regard to whether judgment of conviction has been entered by the court having jurisdiction of such case.

Section 34. Subsection (5) of section 637.415, Florida Statutes, is amended to read:

637.415 Regulation of employees or representatives of dental service plan corporations. --

(5) The grounds and procedures for refusal, suspension, or revocation of a license issued to any employee or representative of a dental service plan corporation shall be as set forth in ss. 626.611 through 626.691 and the duration of any suspension or revocation shall be as set forth in s. 626.641.

Section 35. Subsection (11) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or revocation of registration of contracting sales representatives. -- The department shall, pursuant to the insurance code, deny, suspend, revoke, or refuse to renew or

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continue the registration of any sales representative or the license of any general lines agent or solicitor if it finds that, as to the sales representative, general lines agent, or solicitor, any one or more of the following applicable grounds exist:

(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 36. Subsection (6) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 37. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.--After a license as limited surety agent or

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professional bondsman has been issued to an individual, the
same individual shall not be required to file another
application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete
a new application, or

(2) A period of 24 months transpires between the time
the licensee's last limited surety agent or professional
bondsman's license is terminated and the date an application
for a similar license is received by the department in
Tallahassee.

Section 38—Paragraph (d) of subsection (2) of section
648.34, Florida Statutes, is amended, paragraphs (g) and (h)
are added to said subsection, and subsection (3) of said
section is amended to read

648.34 Bail bondsmen, qualifications.—

(2) To qualify as a bail bondsman, it must
affirmatively appear at the time of application and throughout
the period of licensure that

(d) The applicant has successfully completed a basic
certification course in the criminal justice system,
consisting of not less than 80 hours, approved by the board
and has successfully completed, within 2 years of the date of
his application, a correspondence course for bail bondsmen
approved by the board.

(g) An individual who is a bona fide resident of this
state shall be deemed to meet the residence requirement of
paragraph (2)(b), notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee of such other
state, if the applicant furnishes a letter of clearance
satisfactory to the department that his resident licenses have

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been canceled or changed to a nonresident basis and that he is in good standing.

(h) The applicant has passed any required examination.

(3) A fee of $8 shall be submitted to the department with each application. In addition to the $8 fee, the department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 39. Paragraph (g) is added to subsection (2) of section 648.37, Florida Statutes, and subsection (3) of said section is amended to read:

648.37 Runners; qualifications.--

(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(g) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (2)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and
1 reputable independent credit reporting service shall be
2 submitted to the department with each application, which fee
3 shall be deposited to the credit of the Insurance
4 Commissioner's Regulatory Trust Fund. Any information so
5 furnished shall be absolutely privileged and shall not be
6 admissible or used as evidence in any action against the
7 reporting service or other person furnishing the same.
8 Section 40. Section 648.38, Florida Statutes, is
9 amended to read:
10
11 648.38 Examination; time; place; fee; scope.--
12 (l)(a) If upon the basis of the completed application
13 for examination and such further inquiry or investigation as
14 the department may make concerning the fitness and
15 qualifications of the applicant, the department is satisfied
16 that, subject to any examination required to be taken and
17 passed by the applicant for a license, the applicant is
18 qualified to take the examination applied for and that all
19 pertinent taxes and fees have been paid, it shall approve the
20 application.
21 (b) If upon the basis of the completed application for
22 examination and such further inquiry or investigation as to
23 the fitness and qualifications of the applicant, the
24 department deems the applicant to be unfit or lacking in any
25 one or more of the required qualifications as specified in s.
26 648.34 as to limited surety agents, and ss. 648.34 and 648.35
27 as to professional bondsmen, the department shall disapprove
28 the application.
29 (c) At the time of filing his application for
30 examination, each applicant shall pay to the department or a
31 person designated by the department a fee for filing the
32 application for the examination. To provide the applicant
33
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with options such as electronic examinations, a fee to cover
the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant
shall be required to appear in person at a place hereinafter
designated to take a written examination prepared by the
department, or by a person designated by the department for
that purpose, and approved by the board, testing his ability
and qualifications to be a bail bondsman. The board shall
determine the minimum performance level required for passage
of the examination in order to ensure that the applicant has
an adequate level of competence and knowledge of the duties
and responsibilities of a bail bondsman.

(3) The department or a person designated by the
department shall mail written notice of the time and place of
the examination to each applicant for license required to take
an examination who will be eligible to take the examination as
of the examination date. The notice shall be so mailed,
postage prepaid, and addressed to the applicant at his address
shown on his application for license, or at such other address
as requested by the applicant in writing filed with the
department at Tallahassee prior to the mailing of the notice.
Notice shall be deemed given when so mailed.

(4)(3) Each applicant shall become eligible for
examination 60 days after the date the application is received
by the department in Tallahassee provided the department is
satisfied as to the applicant's fitness to take the
examination. The examination shall be held in an adequate and
designated examination center in this state which is located
nearest to the applicant's place of residence, except that an
examination may be taken at any other location if mutually
convenient to the department and applicant and he shall be

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entitled-to-notice-of-the-time-and-place-not-less-than-15-days
prior-to-taking-the-examination

(4) A fee of $50 shall be submitted to the department
with each application, such fee to be deposited to the credit
of the Insurance Commissioner's Requistory Trust Fund—The
fee for filing an application for examination shall not be
subject to refund.

(5) The failure of the applicant to secure approval of
the department shall not preclude him from applying as many
times as he desires, but no application will be considered by
the department within 60 days subsequent to the date upon
which the department denied the last application.

(6) The failure of an applicant to pass an
examination, after having been approved by the department to
take the examination, does not preclude him from taking
subsequent examinations. A separate and additional
application and fee for filing an application for examination
shall be filed with the department for each subsequent
examination; provided, however, that at least 90 days must
intervene between examinations.

(7) The $10 fee for filing an application for examination
shall apply to each examination, but once an applicant has
been approved by the department, he will not have to file
another application as set forth in ss. 648.34 and 648.35
unless specifically so-ordered by the department. Any bail
bondsman who successfully passes an examination must be
licensed within 24 months from date of examination or be
subject to another examination unless failure to be so
licensed was due to military service, in which event the
period within which another examination is not required may,
in the department's discretion, be extended to 12 months.

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following the date of discharge from military service, if the military service does not exceed 3 years, but in no event to extend under this clause for a period of more than 4 years

(8) The scope of the examination shall be as broad as the bail bond business.

Section 41  Subsection (1) of section 648.39, Florida Statutes, is amended to read.

648.39  Notice of appointment of agents, termination --

(1) Each insurer shall biennially, prior to March September 1 of each odd-numbered year, file with the department an alphabetical list of all agents appointed pursuant to this chapter, giving the type and class of license, name, and address of each licensee whose appointment and license in this state is being renewed or is to be continued in effect, accompanied by payment of the applicable renewal or continuation fees and taxes. Each such insurer which shall, subsequent to the filing of this list, expect to appoint an agent pursuant to this chapter in this state shall give notice thereof to the department along with a written application for license for such agent. All such appointments shall be subject to the issuance of licenses pursuant to this chapter to such agents.

Section 42. Section 648 315, Florida Statutes, is repealed on October 1, 1988, and shall be reviewed prior to that date by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 43. This act shall take effect October 1, 1987.

CODING: Words stricken are deletions, words underlined are additions.
Provides clarification that people who prepare, complete, or file insurance claim forms for compensation are subject to the public adjuster law. This change facilitates their operation by providing for a public adjuster license limited to health insurance. It does not affect health care providers preparing their forms for patients.
A bill to be entitled
An act relating to insurance; amending s.
627.679, F.S.; providing that an agent or
creditor agent must obtain a written
acknowledgment that the borrower understands
that he has certain rights; providing an
effective date.

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

Section 1. Subsection (1) of section 627.679, Florida
Statutes, is amended to read:

627.679 Amount of insurance; disclosure.--
(1)(a) The amount of credit life insurance written
under one or more policies shall not exceed by more than $5
the total of the payments of the specific contracts of
indebtedness in connection with which it is written, when the
indebtedness is repayable in substantially equal installments
or in one installment or a single payment.

(b) The total amount of credit life insurance on the
life of any debtor with respect to any loan or loans covered
in one or more insurance policies shall at no time exceed
$30,000 with any one creditor, except that loans not exceeding
1 year's duration shall not be subject to such limits, and on
such loans not exceeding 1 year's duration, the limits of
coverage shall not exceed $30,000 with any one insurer.

(c) Before any credit life insurance may be sold, the
agent or creditor agent must obtain a separate written
acknowledgment with respect to each of the following:

1. That the borrower understands that he has the

option of assigning any other policy or policies the borrower
owns or may procure for the purpose of covering such loan and 
that the policy need not be purchased from the agent or 
creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life 
coverage may be deferred if, at the time of application, he is 
unable to engage in employment or unable to perform normal 
activities of a person of like age and sex, if the proposed 
credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits 
under the policy will terminate when he reaches a certain age 
and that his age is accurately represented on the application 
or policy.

Section 2. This act shall apply to insurance 
transactions occurring on or after January 1, 1988.

Section 3. This act shall take effect January 1, 1988.

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SENATE SUMMARY

Provides that before credit life insurance may be sold an 
agent or creditor agent must obtain an acknowledgment 
from the borrower that he understands he has certain 
rights.

CODING: Words strucken are deletions; words underlined are additions.
A bill to be entitled

An act relating to insurance administrators;
amending s. 626.88, F.S.; expanding the
definition of the term "administrator" to
include any person who administers insurance
coverage in connection with authorized
commercial self-insurance funds; expanding the
definition of the term "insurer" to include
authorized commercial self-insurance funds;
amending s. 626.8805, F.S.; authorizing
administrators issued certificates of authority
after the act takes effect to administer
commercial self-insurance funds and life and
health programs; creating s. 626.8809, F.S.;
requiring an administrator to file a fidelity
bond in a certain amount; repealing s. 626.881,
F.S., relating to the requirement that an
administrator deposit securities or file a
surety bond in order to be issued a certificate
of authority; repealing s. 626.8811, F.S.,
relating to the right of a judgment creditor or
other claimant to levy upon the assets or
securities deposited under s. 626.881, F.S.;
amending s. 626.891, F.S.; providing for the
suspension of a certificate of authority of an
administrator who fails to maintain the
required fidelity bond; providing for review
and repeal; providing an effective date.

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

CODING: Words stricken are deletions; words underlined are additions.
Section 1. Section 626.88, Florida Statutes, is amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator" is any person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with authorized commercial self-insurance funds or with insured or self-insured programs which provide life or health insurance coverage or coverage of any other expenses described in s. 624.33(1), other than any of the following persons:

(a) An employer on behalf of such employer's employees or the employees of one or more subsidiary or affiliated corporations of such employer.

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to transact insurance in this state or is acting as an insurer with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance A-life-or-health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

CODING: Words stricken are deletions; words underlined are additions.
(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements of ss. 624.438 and 624.439, or any governmental trust as defined in s. 624.33(3), and the trustees and employees acting pursuant to such trust, or a custodian, and its agents and employees, including individuals representing the trustees in overseeing the activities of a service company or administrator, acting pursuant to a custodial account which meets the requirements of s. 401(f) of the Internal Revenue Code.

(j) A financial institution which is subject to supervision or examination by federal or state authorities or a mortgage lender licensed under chapter 494 who collects and remits premiums to licensed insurance agents or authorized insurers concurrently or in connection with mortgage loan payments.

(k) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized such collection, if such company does not adjust or settle claims.

(l) A person who adjusts or settles claims in the normal course of such person's practice or employment as an
attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensation of the Department of Labor and Employment Security who administers only self-insured workers' compensation plans.

(n) A service company or service agent and its employees, authorized in accordance with ss. 626.895-626.899, serving only a single employer plan, multiple-employer welfare arrangements, or a combination thereof.

(2) For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 2. Section 626.8805, Florida Statutes, is amended to read:

626.8805 Certificate of authority to act as administrator.--

(1) It is unlawful for any person to act as or hold himself out to be an administrator in this state without a valid certificate of authority issued by the department pursuant to ss. 626.88-626.894. To qualify for and hold authority to act as an administrator in this state, an administrator must otherwise be in compliance with this code and with its organizational agreement. The failure of any person to hold such a certificate while acting as an administrator shall subject such person to a fine of not less than $5,000 or more than $10,000 for each violation.

(2) The administrator shall file with the department an application for a certificate of authority upon a form to
be furnished by the department, which application shall include or have attached the following information and documents:

(a) All basic organizational documents of the administrator, such as the articles of incorporation, articles of association, partnership agreement, trade name certificate, trust agreement, shareholder agreement, and other applicable documents, and all amendments to those documents.

(b) The bylaws, rules, and regulations or similar documents regulating the conduct or the internal affairs of the administrator.

(c) The names, addresses, official positions, and professional qualifications of the individuals who are responsible for the conduct of the affairs of the administrator, including all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the principal officers in the case of a corporation, the partners or members in the case of a partnership or association, and any other person who exercises control or influence over the affairs of the administrator.

(d) Annual statements or reports for the 3 most recent years, or such other information as the department may require in order to review the current financial condition of the applicant.

(e) If the applicant is not currently acting as an administrator, a statement of the amounts and sources of the funds available for organization expenses and the proposed arrangements for reimbursement and compensation of incorporators or other principals.
(3) The applicant shall make available for inspection by the department copies of all contracts with insurers or other persons utilizing the services of the administrator.

(4) The department shall not issue a certificate of authority if it determines that the administrator or any principal thereof is not competent, trustworthy, financially responsible, or of good personal and business reputation or has had an insurance license denied for cause by any state.

(5) A certificate of authority issued under this section shall remain valid, unless suspended or revoked by the department, so long as the certificateholder continues in business in this state.

(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 3. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

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Section 4. Sections 626.881 and 626.8811, Florida Statutes, are hereby repealed.

Section 5. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 6. Section 626.8809, Florida Statutes, created by this act, is repealed on October 1, 1990, and shall be reviewed by the Legislature prior to that date pursuant to section 11.61, Florida Statutes.

Section 7. This act shall take effect on October 1, 1987.

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SENATE SUMMARY

Expands the definition of the term "administrator," for insurance purposes, to include persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Expands the definition of the term "insurer" to include authorized commercial self-insurance funds. Authorizes administrators who are issued certificates of authority after the effective date of this act to administer commercial self-insurance funds and life and health programs. Replaces the requirement for the deposit of security or a surety bond by an administrator with a requirement that he file a fidelity bond. Provides for the suspension of the certificate of authority of an administrator who fails to maintain the fidelity bond.

CODING: Words stricken are deletions; words underlined are additions.
By the Committee on Insurance and Representative Ogden

A bill to be entitled
An act relating to insurance; amending s. 624.34, F.S., providing for the authority of the Department of Law Enforcement to accept fingerprints of any entity which is examined or investigated under the Florida Insurance Code; amending s. 624.404, F.S., relating to the general eligibility of insurers for a certificate of authority; providing criteria; amending s. 624.438, F.S., relating to general eligibility to provide reference to aggregate excess insurance; amending s. 624.439, F.S., providing authority for the Department of Insurance to grant preliminary approval of an insurance arrangement under certain circumstances; amending s. 624.44, F.S., relating to an examination of reserves and excess insurance; amending s. 624.441, F.S., revising language with respect to insolvency protection for insurance arrangements; amending s. 624.501, F.S., providing fees for registration certificates with respect to certain military installations, amending s. 626.191, F.S., permitting applicants for a license or permit as an insurance agent to reapply; repealing s. 626.211(2), F.S., relating to notification of place and time of examination for a license or permit as an agent, solicitor, or adjuster, amending s. 626.221, F.S., increasing the time period for an exemption from examination for certain

CODING Words in struck through type are deletions from existing law; words underlined are additions.
applicants; amending s. 626.231, F.S., providing for eligibility to take an examination for license; amending s. 626.251, F.S., deleting a time period with respect to notice of examination date; amending s. 626.281, F.S., providing for reexaminations; amending s. 626.511, F.S., eliminating an exemption to a requirement that described persons file a statement with the Department of Insurance describing the reason for the termination of an agent's appointment and license; amending s. 626.521, F.S., providing for required character and credit reports; creating s. 626.552, F.S., providing for reporting by insurers and supervising or managing general agents; amending ss. 626.611, 626.621, 634.181, 634.191, 634.320, 634 321, 634.422, 634.423, 642.041, and 642.043, F.S., providing uniform language with respect to discipline or license refusal, suspension or revocation for persons having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more; amending s. 626.731, F.S., revising criteria for qualifications for a general lines agent's license; amending s. 626.732, F.S., revising language with respect to required knowledge, experience, or instruction for license as a general lines agent; amending s. 626.735, F.S., revising language with respect to

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qualifications for a solicitor's license;
amending s. 626.739, F.S., revising language with respect to a temporary license; amending s. 626.740, F.S., revising language with respect to temporary limited licenses for industrial fire agents; amending s. 626.785, F.S., relating to license qualifications; amending s. 626.790, F.S., revising language with respect to temporary licenses; amending s. 626.792, F.S., prohibiting the Department of Insurance from issuing a life insurance agent's license to certain nonresidents; amending s. 626.831, F.S., revising language with respect to license qualifications; amending s. 626.835, F.S., prohibiting the department from issuing a health insurance agent's license to certain nonresidents; amending s. 626.854, F.S., redefining the term "public adjuster”; amending s. 626.869, F.S., revising criteria for the issuance of a limited license as an independent or public adjuster; amending s. 626.88, F.S., revising the definition of the terms "administrator" and "insurer", amending s. 626.8805, F.S., providing criteria for certificates of authority; creating s. 626.8809, F.S., providing for a fidelity bond; amending s. 626.891, F.S., relating to grounds for suspension or revocation of certificate of authority; amending s. 626.943, F.S., relating to powers and duties of the department; amending s. 626.944, F.S., relating to

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qualifications for health care risk managers;
creating s. 627.4085, F.S., requiring the name
of the insurer on certain applications;
amending s. 627.679, F.S., providing for
required disclosure with respect to credit life
insurance; amending s. 628.071, F.S., relating
to the grant or denial of a permit to include
certain criteria; amending s. 632.629, F.S.,
relating to annual licenses for certain
societies authorized to transact business;
amending s. 632.638, F.S., relating to the
applicability of the Insurance Code; amending
s. 637.415, F.S., relating to the regulation of
employees or representatives of dental service
plan corporations; creating s. 648.315, F.S.,
providing for the number of applications
required for licensure as bail bondsmen;
amending s. 648.34, F.S., revising criteria for
qualifications of bail bondsman; amending s.
648.37, F.S., revising criteria for
qualifications of runners; amending s. 648.38,
P.S., revising language with respect to
examination as a bail bondsman; amending s.
648.39, F.S., relating to notice of appointment
of agents; repealing s. 626.881, F.S., relating
to the deposit of securities and surety bonds;
repealing s. 626.8811, F.S., relating to a
prohibition upon a levy upon deposit of certain
assets or securities: providing for review and
repeal; providing an effective date.

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

Section 1. Effective upon becoming a law, paragraph (b) of subsection (1) of section 624.34, Florida Statutes, is amended to read:

624.34 Authority of Department of Law Enforcement to accept fingerprints of, and exchange criminal history records with respect to, certain persons.--

(1) The Department of Law Enforcement may accept fingerprints of organizers, incorporators, subscribers, officers, stockholders, directors, or any other persons involved, directly or indirectly, in the organization, operation, or management of:

(b) Any other entity which is examined or investigated or which is eligible to be examined or investigated under the provisions of the Florida Insurance Code thes-part.

Section 2. Effective upon becoming a law, subsection (3) of section 624.404, Florida Statutes, 1986 Supplement, is amended 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:

(3)(a) The department shall not grant or continue authority to transact insurance in this state as to any insurer the management, officers or directors of which is found by it to be incompetent or untrustworthy, or so lacking

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in insurance company managerial experience as to make the proposed operation hazardous to the insurance-buying public, or so lacking in insurance experience, ability, and standing as to jeopardize the reasonable promise of successful operation, or which it has good reason to believe is affiliated directly or indirectly through ownership, control, reinsurance transactions, or other insurance or business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders or investors or creditors or of the public, by manipulation of assets, accounts, or reinsurance or by bad faith.

(b) The department shall not grant or continue authority to transact insurance in this state as to any insurer if any stockholder, subscriber, incorporator, or other person exercising or having the ability to exercise effective control of the insurer or influencing or having the ability to influence the transaction of the business of the insurer does not possess appropriate character, reputation, financial standing, business experience, and motives for the successful operation of the insurer.

Section 3. Subsection (3) of section 624.438, Florida Statutes, is amended to read.

624.438 General eligibility.--
(3) Each arrangement shall maintain specific and aggregate excess insurance with a retention level determined in accordance with sound actuarial principles.

Section 4. Subsection (9) is added to section 624.439, Florida Statutes, to read.

624.439 Filing of application.--The sponsoring association shall file with the department an application for

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approval of the arrangement upon a form to be furnished by the
department, which shall include or have attached the
following:

(9) The department may grant preliminary approval to
an arrangement when preliminary approval is needed for the
arrangement to obtain the information required under
subsections (5) or (6).

Section 5. Subsection (1) of section 624.44, Florida
Statutes, is amended to read:

624.44 Financial condition, less reserves, excess
insurance reinsurance, or working capital; determination of
inadequacy.--

(1) The department may, upon reasonable notice,
conduct an examination of the less reserves, financial
condition, specific excess insurance, and working capital of a
multiple-employer welfare arrangement If the department
preliminarily finds that the reserves, specific excess
insurance, or financial condition may be inadequate, or that
the arrangement does not have a combined working capital in an
amount establishing the financial strength and liquidity of
the arrangement to pay claims promptly and showing evidence of
the financial ability of the arrangement to meet its
obligations to covered employees, the department shall notify
the arrangement of such inadequacy. Upon being so notified,
the arrangement shall within 60 days file with the department
all information which, in the belief of the arrangement,
proves the reasonableness and adequacy of the condition noted
as being inadequate.

Section 6. Section 624.441, Florida Statutes, is
amended to read:

624.441 Insolvency protection.--

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(1) To assure the faithful performance of its obligations to its member employers and covered employees and their dependents, every arrangement shall purchase and maintain annual excess insurance providing retention levels satisfactory to the department in accordance with sound actuarial principles, within 90 days of the close of each fiscal-year deposit with the department of cash securities of the type eligible for deposit by insurers under sy- 625932 or any combination of these or other measures acceptable to the department in an amount equal to 25 percent of the preceding two months' health-care claims expenditures or 5 percent of gross annual premiums for the succeeding year, whichever is greater, however, in no case shall the amount of the deposit exceed $10,000,000, all income from deposits shall belong to the depositing arrangement and shall be paid to it as it becomes available. An arrangement that has made a securities deposit may withdraw that deposit or any part thereof after making a substitute deposit of cash securities or any combination of these or other measures of equal amount and value upon approval by the department. No judgment creditor or other claimant of a multiple-employer-welfare-association shall have the right to levy upon any of the assets or securities held in this state as a deposit under this section.

(2) Every arrangement shall establish and maintain a contingency reserve equal to 100 percent of the difference between its reserves for losses and loss adjustment expenses and the attachment level of the aggregate excess insurance maintained by the arrangement. Any arrangement which can demonstrate to the department that its annual premiums, or a combination of its annual premiums and contingency reserve, are sufficient to reach the attachment level of the aggregate

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excess insurance shall not be required to establish and maintain a contingency reserve equal to 100 percent of the difference between its reserves for losses and loss adjustment expenses and the attachment level of the aggregate excess insurance. Premium amounts received by an arrangement which are in excess of the losses and expenses of the arrangement's plan year shall be retained by the arrangement until a reasonable determination has been made that the excess amounts are not needed to pay losses and expenses for such plan year, and shall be retained for at least 6 months after the end of the plan year. In lieu of the deposit required under subsection (1) an arrangement may file with the department a surety bond in the amount of the bond shall be one issued by an authorized surety insurer, shall be for the same purpose as the deposit in lieu of which it is filed, and shall be subject to the department's approval. No bond shall be canceled or to the department's approval unless at least 60 days advance notice thereof in writing is filed with the department. No bond shall be approved unless it covers liabilities arising from all policies and contracts issued and entered into during the time the bond is in effect and unless the department is satisfied that the bond provides the same degree of security as would be provided by a deposit of securities.

(3) Arrangements approved by the department prior to July 1, 1987, shall comply with all requirements of this section by the end of the arrangement's first complete fiscal year beginning after July 1, 1987.

Deposits of securities or cash pursuant to this section shall be administered by the department in accordance with part III of chapter 625 of the Florida Statutes, to read:

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624.501 Filing, license, and miscellaneous fees.--The department shall collect in advance, and persons so served shall pay to it in advance, fees, licenses, and miscellaneous charges as follows:

(24) Registration certificates, certain military installations, as authorized under s. 626.322:

(a) Original certificate of registration, registration fee..............................................$20.00

(b) Biennial renewal or continuation of certificate of registration, registration fee..........................$20.00

Section 8. Section 626.191, Florida Statutes, is amended to read:

626.191 Repeated applications.--The failure of an applicant to secure a license or permit upon an application shall not preclude him from applying again as many times as he may desire, but the department shall not give consideration to or accept any further application by the same individual for a similar license or permit dated or filed within 30 days subsequent to the date the department denied the last application, except as provided in s. 626.281.

Section 9 Subsection (2) of section 626.211, Florida Statutes, is hereby repealed.

Section 10 Paragraph (g) of subsection (2) of section 626.221, Florida Statutes, is amended to read:

626.221 Examination requirement; exemptions.--

(2) However, no such examination shall be necessary in any of the following cases:

(g) An applicant who, within 2 years 30 days prior to application for license as an agent, solicitor, or adjuster, was a full-time salaried employee of the department and had continuously been such an employee with responsible insurance

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duties for not less than 2 years and who had been a licensee within 2 years prior to employment by the department with the same type and class of license as that being applied for.

Section 11. Section 626.231, Florida Statutes, is amended to read:

626.231 Eligibility for examination—waiting-period, general-lines-agents-and-solicitors.--

††† No person shall be permitted to take an examination for license until his application for the license has been approved and then only if the required fee has been received by the department or a person designated by the department in advance of the applicant's appearance for the examination.

††† An applicant for license as a general-lines-agent or solicitor whose application has been approved, shall become eligible to take the examination only upon expiration of 60 days after the date his application for license was filed in the offices of the department at Tallahassee except that if the applicant for license as a general-lines-agent is currently licensed as a solicitor, he shall be eligible for the examination for an agent's license upon approval of his application therefore by the department and shall not be subject to the 60-day waiting-period.

††† Such 60-day waiting-period shall run concurrently with any special schooling or experience required as part of the qualifications for the license or with the completion of the residence requirement provided as to general-lines-agents.

The applicant may file his application for license while such schooling or experience is in progress or while such residence requirement is being completed.

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Section 12. Subsection (1) of section 626.251, Florida Statutes, is amended to read:

626.251 Time and place of examination; notice.--

(1) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed, postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice not less than 15 days in advance of the examination date. Notice shall be deemed given when so mailed.

Section 13. Subsection (1) of section 626.281, Florida Statutes, is amended to read:

626.281 Reexamination.--

(1) The failure of an applicant to pass an examination, or the failure to appear for the examination or to take or complete the examination, does not preclude the applicant from taking subsequent examinations. A separate and additional application for filing for examination, together with applicable fees, shall be filed with the department or a person designated by the department for each subsequent examination. Any applicant for license who has either:

(a) Taken an examination and failed to make a passing grade; or

(b) Failed to appear for the examination or to take or complete the examination at the time and place specified in the notice of the department.

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<td>May after the expiration of 30 days from the date of the previous such examination either taken or scheduled upon payment of an additional examination application filing fee for a second examination take a second examination based upon the same application for license if the applicant fails to pass such second examination he shall not be eligible for or be permitted to take another examination for the same type or class of license except pursuant to a new application for license and payment of new license fees and examination application filing fees as required for an initial application for license and no such application for license shall be received on file or considered by the department until after the expiration of 30 days after the date of denial of the license except that as to health insurance an applicant who has failed the first examination shall be allowed to take a second examination upon payment of an additional examination application filing fee and if such applicant fails the second examination he shall be required to wait for a period of 30 days before again applying for license.</td>
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Section 14. Subsection (1) of section 626.511, Florida Statutes, is amended to read:

626.511 Reasons for termination; privileged information.--

(1) Any insurer terminating the appointment and license of an agent; any general lines agent terminating the appointment and license of a solicitor or a crop hail or multiple-peril crop insurance agent; and any employer terminating the employment, license, or permit of an adjuster, service representative, supervising or managing general agent, or claims investigator, whether such termination is by direct action of the appointing insurer, agent, or employer or by

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failure to renew or continue the appointment and license as
provided, shall file with the department a statement of the
reasons, if any, for, and the facts relative to, such
termination, unless the termination is for a license other
than a primary license of a life agent and is for the sole
reason that the life agent's primary license was terminated by
the appointing insurer or the agent to whom it was issued. In
the case of termination of the appointment of an agent, such
information may be filed by the insurer or by the general
agent of the insurer.

Section 15. Subsections (1) and (3) of section
626.521, Florida Statutes, are amended to read:
626.521 Character, credit reports.--
(1) As to each applicant who for the first time in
this state is applying and qualifying for a license as agent,
solicitor, or adjuster, or for a permit as service
representative, supervising or managing general agent, or
claims investigator, the appointing insurer or its manager or
genral agent in this state, in the case of agents, or the
appointing general lines agent, in the case of solicitors, or
the employer, in the case of service representatives and
claims investigators and of adjusters who are not to be self-
employed, shall coincidentally with such appointment or
employment secure and thereafter keep on file a full detailed
credit and character report, made by an established and
reputable independent credit reporting service, relative to
the individual so appointed or employed; except that a life
insurer may use its own reporting service for the making of
such a report, unless otherwise expressly requested by the
department.

CODING: Words struck are deletions; words underlined are additions.
(3) As to an applicant for an adjuster's license who is to be self-employed, the department shall secure, at the cost of the applicant, a full detailed credit and character report, made by an established and reputable independent credit reporting service relative to the applicant.

Section 16. Effective July 1, 1987, section 626.552, Florida Statutes, is created to read:

626.552 Reporting by insurers of insurance agencies and supervising or managing general agents.--

(1) By October 1, 1987, all insurers and supervising or managing general agents shall file with the department, on forms furnished by the department, the names and addresses of all supervising or managing general agents as defined in s. 626.091 and insurance agencies as defined in s. 626.094 with which the insurer or supervising or managing general agent has a contract to solicit or service insurance on its behalf. Such information shall be updated by the insurers and supervising or managing general agents on or before October 1 of each year.

(2) The information required under this section may only be used by the department for the purpose of distributing bulletins, brochures, or other material which the department deems necessary for the information of licensed agents and solicitors.

Section 17. Subsection (14) of section 626.611, Florida Statutes, is amended to read:

626.611 Grounds for compulsory refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department shall deny, suspend, revoke, or refuse to renew or continue
the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it shall suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist:

(14) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 18. Subsection (b) of section 626.621, Florida Statutes, is amended to read:

626.621 Grounds for discretionary refusal, suspension, or revocation of agent's, solicitor's, or adjuster's license or service representative's, supervising or managing general agent's, or claims investigator's permit.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the license of any agent, solicitor, or adjuster or the permit of any service representative, supervising or managing general agent, or claims investigator, and it may suspend or revoke the eligibility to hold a license or permit of any such person, if it finds that as to the applicant, licensee, or permittee any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 626.611:
Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country in this state or any other state, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 19. Paragraph (b) of subsection (1) of section 626.731, Florida Statutes, is amended, and paragraphs (g) and (h) are added to said section 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 past except that the department in its discretion may waive the requirement for 1 year's 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 subsection (b) or (g) who is a bona fide resident of this state.

(g) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (l)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the

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records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(h) That the applicant has passed any required examination for license required under s 626.221.

Section 20. Subsections (1) and (3) of section 626.732, Florida Statutes, are amended to read:

626.732 Requirement as to knowledge, experience, or instruction.--

(1) Except as provided in subsection (3), no applicant for a license as a general lines agent, other than as to a limited license as to baggage insurance, shall be qualified therefor or be so licensed unless within the 4 years immediately preceding the date his application for license is filed with the department, he has:

(a) Taught or successfully completed classroom courses in insurance satisfactory to the department at a school, college, or extension division thereof, approved by the department;

(b) Completed a correspondence course in insurance satisfactory to the department and regularly offered by accredited institutions of higher learning in this state and, except if he is applying for a limited license under s. 626.321, has had at least 6 months of responsible insurance duties as a substantially full-time bona fide employee of an agent or of an insurer's managers, general agents, or representatives in all lines of property and casualty insurance set forth in s. 626.041(1); or

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(c) Completed at least 1 year in responsible insurance duties as a substantially full-time bona fide employee of an agent-or-of-an-insurer-or-its-managers-managing-general-agents-or-representatives in all lines of property and casualty insurance, exclusive of aviation and wet marine and transportation insurances, but not exclusive of boats of less than 36 feet in length or aircraft not held out for hire, as set forth in s. 626.041(1), without the education requirement mentioned in paragraph (a) or paragraph (b).

(3) In-the-case-of-an-applicant-for-license-who-is enrolled-in-and-actively-pursuing-classroom-courses-as referred-to-in-paragraph-(3)-or-a-correspondence-course-as specified-in-paragraph-(b) the-department-may-in-its discretion-permit-the-applicant-to-file-his-application-for license-not-earlier-than-60-days-prior-to-the-completion-of such-courses-and-of-the-6-months-of-insurance-employment-and experience-as-referred-to-in-paragraph-(b) in-order-that the-completion-of-the-courses-and-of-such-insurance-employment and-experience-may-run-concurrently-with-the-60-day-waiting period-required-under-s-626.23-(2) for-eligibility-for examination. An individual who was or became qualified to sit for an agent's or adjuster's examination at or during the time he was employed by the department and who while so employed was employed in responsible insurance duties as a full-time bona fide employee shall be permitted to take an examination if application for such examination is made within 90 days after the date of termination of his employment with the department.

Section 21. Subsection (3) of section 626.735, Florida Statutes, is amended, and subsections (8) and (9) are added to said section, to read:

CODING: Words stricken are deletions; words underlined are additions.
626.735 Qualifications for solicitor's license.—The department shall not grant or issue a license as solicitor as 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 the license it affirmatively appears:

(3) That within the 2 years next preceding the date the application for license was filed with the department, the applicant has completed a course in insurance approved by the department or has had at least 6 months' experience in responsible insurance duties as a substantially full-time employee of an agent or of an insurer, its managers, managing general-agents, or representatives.

(8) That the applicant has passed any required examination for license required under s. 626.221.

(9) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of subsection (2), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of the other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

Section 22, Paragraph (g) of subsection (1) of section 626.739, Florida Statutes, is amended to read:

626.739 Temporary license; death, disability, absence of agent.—

(1) The department may, in its discretion, issue a temporary license as agent to a licensed agent's employee, family member, business associate, or personal representative.

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or to the representative of a direct writing insurer of which
the agent was the licensed agent in the area served by the
agency, for the purpose of continuing or winding up the
business affairs of the agent or agency, all subject to the
following conditions:

(g) The holder of a temporary license may be granted a
regular agent's license upon taking and successfully
completing a classroom course or correspondence course in
insurance or having the insurance employment experience as
prescribed in s. 626.732 and passing an examination as
required by s. 626.221—but-the-department-may-waive-the
requirements-as-to-residence-and-the-time-of-taking-such
examination-as-prescribed-in-s.626.732.

Section 23. Subsection (2) of section 626.740, Florida
Statutes, is amended to read:

626.740 Temporary limited license as industrial fire
agent; pending examination.--

(2) If the applicant fails to pass the first
examination, he may, after the expiration of 30 days, take
another examination. An applicant permitted to take another
examination shall file another examination application and pay
along with the required filing fee.

Section 24. Subsection (2) of section 626.785, Florida
Statutes, 1986 Supplement, is amended to read:

626.785 Qualifications for license.--

(2) An individual who is a bona fide resident of this
state shall be deemed to meet the residence requirement of
paragraph (1)(b), notwithstanding the existence, at the time
of application for license, of a license in his name on the
records of another state as a resident licensee agent of such
other state, if the applicant furnishes a letter of clearance

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satisfactory to the department that his resident licenses have
been canceled or changed to a nonresident basis and that he is
in good standing or-the-department-requires-proof-satisfactory
to-the-department-that-the-applicant-has-made-written-request
for-the-cancellation-of-such-other-license-otherwise-to-the
insurer-represented-thereunder-or-to-the-proper-official-of
the-other-state.

Section 25. Subsection (2) of section 626.790, Florida Statutes, is amended to read:

626.790 Temporary license; pending examination.--
(2) If the applicant fails to pass the first
examination, he may, after the expiration of 30 days, take
another examination. An applicant permitted to take another
examination shall file another examination application and pay
along with the required filing fee.

Section 26. Subsection (2) of section 626.792, Florida Statutes, is amended to read:

626.792 Nonresident agents.--
(2) The department may enter into reciprocal
agreements with the appropriate official of any such other
state or province of Canada waiving the written examination of
any applicant resident in such other state or province, if:
(a) A written examination is required of an applicant
for a life insurance agent's license in such other state or
province;
(b) The appropriate official of the other state or
province certifies that the applicant holds a currently valid
license as a life insurance agent in such other state or
province and either passed such a written examination or was
the holder of a life insurance agent's license prior to the
time a written examination was required; and

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(c) In such other state or province, a resident of this state is privileged to procure a life insurance agent's license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(d) The department shall not issue a nonresident life insurance agent's license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as life agent issued by the nonresident's state or province.

Section 27. Subsection (2) of section 626.831, Florida Statutes, is amended to read:

626.831 Qualifications for license.--

(2) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (1)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee agent of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing or the department acquires proof satisfactory to the department that the applicant has made written request for the cancellation of such other licensee's or the insurer represented thereunder or to the proper official of the other state.

Section 28. Subsection (2) of section 626.835, Florida Statutes, is amended to read:

626.835 Nonresident agents.--

(2) The department may enter into reciprocal agreements with the appropriate official of any such other

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state or province of Canada waiving the written examination of any applicant resident in such other state or province, if:

(a) A written examination is required of an applicant for a health insurance agent’s license in such other state or province;

(b) The appropriate official of the other state or province certifies that the applicant holds a currently valid license as a health insurance agent in such other state or province and either has passed such a written examination or was the holder of a health insurance agent’s license prior to the time a written examination was required; and

(c) In such other state or province, a resident of this state is privileged to procure a health insurance agent’s license upon the foregoing conditions and without discrimination as to fees or otherwise in favor of the residents of such other state or province.

(d) The department shall not issue a nonresident health insurance agent’s license to any nonresident who at the time of issuance and throughout the existence of the Florida license does not hold a resident license as health agent issued by the nonresident’s state or province.

Section 29. Section 626.854, Florida Statutes, is amended to read:

626.854 "Public adjuster" defined.—A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. 626.850 provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for another person or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured in negotiating for, or effecting the settlement of, a claim or claims for loss or

CODING: Words struck are deletions; words underlined are additions.
Section 30. Subsection (2) of section 626.869, Florida Statutes, is amended to read:

626.869 License, permit classes; adjusters, claims investigators.--

(2) With the exception of a public adjuster limited to health insurance, a limited license set forth in subsection (1) as an independent or public adjuster may only be issued to and retained by an employee of an independent or public adjuster licensed in all lines of insurance other than life and annuity. The office of the limited lines adjuster shall be in the office of the licensed all lines adjuster responsible for his supervision and instruction.

Section 31. Section 626.88, Florida Statutes, is amended to read.

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator" is any person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with authorized commercial self-insurance funds or with insured or self-insured programs which provide life or health insurance coverage or coverage of any other expenses described in s. 624.33(1), other than any of the following persons:

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(a) An employer on behalf of such employer's employees or the employees of one or more subsidiary or affiliated corporations of such employer.

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to transact insurance in this state or is acting as an insurer with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person in the business of providing continuing care, possessing a valid certificate of authority issued by the department, and the sales representatives thereof, if the activities of such entity are limited to the activities permitted under the certificate of authority.

(e) An insurance life-or-health agent licensed in this state whose activities are limited exclusively to the sale of insurance.

(f) An adjuster licensed in this state whose activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors with respect to insurance covering a debt between the creditor and its debtors.

(h) A trust, and its trustees, agents, and employees acting pursuant to such trust, established in conformity with 29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of the Internal Revenue Code, a trust satisfying the requirements of ss. 624.438 and 624.439, or any governmental trust as defined in s. 624.33(3), and the trustees and employees acting
pursuant to such trust, or a custodian, and its agents and employees, including individuals representing the trustees in overseeing the activities of a service company or administrator, acting pursuant to a custodial account which meets the requirements of s. 401(f) of the Internal Revenue Code.

(j) A financial institution which is subject to supervision or examination by federal or state authorities or a mortgage lender licensed under chapter 494 who collects and remits premiums to licensed insurance agents or authorized insurers concurrently or in connection with mortgage loan payments.

(k) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized such collection, if such company does not adjust or settle claims.

(l) A person who adjusts or settles claims in the normal course of such person's practice or employment as an attorney-at-law and who does not collect charges or premiums in connection with life or health insurance coverage.

(m) A person approved by the Division of Workers' Compensation of the Department of Labor and Employment Security who administers only self-insured workers' compensation plans.

(n) A service company or service agent and its employees, authorized in accordance with ss. 626.895-626.899, serving only a single employer plan, multiple-employer welfare arrangements, or a combination thereof.

(2) For the purposes of this part, an "insurer" includes an authorized commercial self-insurance fund and includes any person undertaking to provide life or health

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insurance coverage or coverage of any of the other expenses described in s. 624.33(1).

Section 32. Subsection (6) is added to section 626.1805, Florida Statutes, to read:

626.1805 Certificate of authority to act as administrator.--

(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 33. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 34. Paragraph (b) of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon,
immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

Section 35. Subsection (6) of section 626.943, Florida Statutes, is amended to read:

626.943 Powers and duties of the department.--It is the function of the department to:

(6) Establish procedures for providing the Department of Health and Rehabilitative Services with periodic reports on persons certified licensed or disciplined by the department under this part.

Section 36. Subsection (3) of section 626.944, Florida Statutes, 1986 Supplement, is amended to read:

626.944 Qualifications for health care risk managers.--

(3) The department shall issue a certificate, beginning on June 1, 1986, to practice health care risk management to any applicant who qualifies under this section and submits the certification license fee as set forth in s. 624.501. Certificates shall be issued and canceled in the same manner as provided in part I of this chapter.

Section 37. Effective January 1, 1988, section 627.4085, Florida Statutes, is created to read

627.4085 Insurer name required on application.--

(1) All applications for an insurance policy or annuity contract shall prominently display the name of the insuring entity on the first page of the application form at the time the coverage is bound or premium is quoted.

(2) This section does not apply to surplus lines business under the provisions of ss. 626.913-626.937.

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Section 39. Effective January 1, 1988, paragraph (c) of subsection (1) of section 627.679, Florida Statutes, is amended to read:

627.679 Amount of insurance; disclosure.—

(1) Before any credit life insurance may be sold, the creditor agent or agent shall must obtain a separate written acknowledgment with respect to each of the following:

1. That the borrower understands that he has the option of assigning any other policy or policies the borrower owns or may procure for the purpose of covering such loan and that the policy need not be purchased from the creditor agent in order to obtain the loan.

2. That the borrower understands that the credit life coverage may be deferred if, at the time of application, the borrower is unable to engage in employment or unable to perform normal activities of a person of like age and sex, if the proposed credit life insurance policy contains this restriction.

3. That the borrower understands that the benefits under the policy will terminate when the borrower reaches a certain age and that the borrower's age is accurately represented on the application or policy.

Section 39. Effective upon becoming a law, subsection (1) of section 628.071, Florida Statutes, is amended to read:

628.071 Granting, denial of permit.—

(1) The department shall expeditiously examine and investigate the application for a permit as referred to in s. 628.051. If the department finds that:

(a) The application is complete;

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(b) The documents therewith filed are in compliance with law,
(c) The proposed financial structure is adequate, and
(d) All stockholders, organizers, incorporators, subscribers, and other persons who directly or indirectly exercise or have the ability to exercise effective control of the proposed insurer or who will be involved in management of the proposed insurer possess appropriate character, reputation, financial standing, business experience, and motives to form an insurer; the proposed officers and directors have sufficient insurance experience, ability, and standing to assure reasonable promise of successful operation; it shall issue to the applicant a permit to form the proposed insurer.

Section 40. Effective upon becoming a law, section 632.629, Florida Statutes, 1966 Supplement, is amended to read:

632.629 Annual license.--
(1) A fraternal benefit society may not transact business in this state unless authorized therefor under a subsisting license issued to the society by the department.
(2) A license issued or renewed under this chapter shall continue in force as long as the society is entitled thereto under this chapter and until suspended or revoked by the department or terminated at the request of the society, provided:
(a) The society pays, prior to June 1, the annual license tax provided for in s. 624.501(3); and

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(b) The department is satisfied that the society has met the applicable requirements of the Florida Insurance Code.

(3) If the license is not continued by the society, the license shall expire at midnight on May 31 following failure of the society to continue it. The department shall promptly notify the society of the impending expiration of its license.

(4) The department may reinstate a license which the society has inadvertently permitted to expire, after the society has fully cured all its failures which resulted in the expiration, and upon payment by the society of the fee for reinstatement, in the amount provided in s. 624.501(1)(b).

Otherwise, the society shall be granted another license only after filing application therefor and meeting all other requirements as for an original license in this state.

Societies which are now authorized to transact business in this state may continue such business until June 1, next succeeding June 24, 1986. The authority of such societies and all societies hereafter licensed may thereafter be renewed annually, but in all cases such authority shall terminate on the succeeding June 1. However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused. The society shall pay the department the annual license tax provided for in s. 1:lus

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force-and-effect-until-the-new-license-is-issued-or
specifically-refused--The-society-shall-pay-the-department
the-annual-license-tax-provided-for-in-sr-694.50.193-for-each
such-license-or-renewal

(5) A duly certified copy or duplicate of such license
shall be prima facie evidence that the licensee is a fraternal
benefit society within the meaning of this chapter.

Section 41. Subsections (6), (7), (8), (9), (10) and
(11) of section 632.638, Florida Statutes, 1986 Supplement,
are renumbered as subsections (8), (9), (10), (11), (12) and
(13), respectively, and new subsections (6) and (7) are added
to said section to read:

632.638 Applicability of other code provisions.--In
addition to the provisions heretofore contained or referred to
in this chapter, other chapters and provisions of this code
shall apply to fraternal benefit societies, to the extent
applicable and not in conflict with the express provisions of
this chapter and the reasonable implications thereof, as
follows:

(6) Part III of chapter 626;
(7) Part IV of chapter 626;
Section 42. Subsection (11) is added to section
634.181, Florida Statutes, to read:

634.181 Grounds for compulsory refusal, suspension, or
revocation of registration of salesmen.--The department shall
deny, suspend, revoke, or refuse to renew or continue the
registration of any such salesman if it finds that as to the
salesman any one or more of the following applicable grounds
exist:

(11) Having been found guilty of, or having pleaded
guilty or nolo contendere to, a felony or a crime punishable

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by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 43. Subsection (6) of section 634.191, Florida Statutes, is amended to read:

634.191 Grounds for discretionary refusal, suspension, revocation of registration of salesmen.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any salesman if it finds that to the salesman any one or more of the following applicable grounds exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s 634.181:

(6) Having been found guilty of, or having pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, without regard to whether a judgment of conviction has been entered by the court having jurisdiction of such cases.

Section 44. Subsection (11) of section 634.320, Florida Statutes, is amended to read:

634.320 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.—The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found that any one or more of the following grounds applicable to the sales representative exist:

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(11) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country involving moral turpitude, in this state or any other state, without regard to whether judgment of conviction has been entered by the court.

Section 45. Subsection (6) of section 634.321, Florida Statutes, is amended to read:

634.321 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.--The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is found, after notice and hearing thereon as provided in s. 634.322, that any one or more of the following grounds applicable to the sales representative exist under circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 634.320:

(6) Being found guilty of or pleading guilty or nolo contendere to a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, in this state or any other state, without regard to whether a judgment of conviction has been entered by the court.

Section 46. Subsection (11) of section 634.422, Florida Statutes, is amended to read:

634.422 Grounds for compulsory refusal, suspension, or revocation of registration of sales representatives.--The department shall deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it is

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found that any one or more of the following grounds applicable
to the sales representative exist:

(1) Being found guilty of or pleading nolo contendere
to a felony or a crime punishable by imprisonment of 1 year or
more under the law of the United States of America or any
state thereof or under the law of any other country involving
moral turpitude, in this state or any other state, without
regard to whether judgment of conviction has been entered by
the court having jurisdiction of such case.

Section 47. Subsection (6) of section 634.423, Florida
Statutes, is amended to read:

634.423 Grounds for discretionary refusal, suspension,
or revocation of registration of sales representatives.--The
department may deny, suspend, revoke, or refuse to renew or
continue the registration of any sales representative if it is
found that any one or more of the following grounds applicable
to the sales representative exist under circumstances for
which such denial, suspension, revocation, or refusal is not
mandatory under s. 634.422:

(6) Being found guilty of or pleading guilty or nolo
contendere to a felony or a crime punishable by imprisonment,
of 1 year or more under the law of the United States of
America or any state thereof or under the law of any other
country, in this state or any other state, without regard to
whether judgment of conviction has been entered by the court
having jurisdiction of such case.

Section 48. Subsection (5) of section 637.415, Florida
Statutes, is amended to read:

637.415 Regulation of employees or representatives of
dental service plan corporations.--

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The grounds and procedures for refusal, suspension, or revocation of a license issued to any employee or representative of a dental service plan corporation shall be as set forth in ss. 626.611 through 626.691. The duration of any suspension or revocation shall be as set forth in ss. 626.743.

Section 49. Subsection (11) of section 642.041, Florida Statutes, is amended to read:

642.041 Grounds for compulsory refusal, suspension, or revocation of registration of contracting sales representatives.—The department shall, pursuant to the insurance code, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative or the license of any general lines agent or solicitor if it finds that, as to the sales representative, general lines agent, or solicitor, any one or more of the following applicable grounds exist:

(11) Being found guilty of, or pleading guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the laws of any other country which involves moral turpitude, without regard to whether a judgment of conviction has been entered.

Section 50. Subsection (6) of section 642.043, Florida Statutes, is amended to read:

642.043 Grounds for discretionary refusal, suspension, or revocation of registration of sales representatives.—The department may, in its discretion, deny, suspend, revoke, or refuse to renew or continue the registration of any sales representative if it finds that, as to the representative, any one or more of the following applicable grounds exist under

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circumstances for which such denial, suspension, revocation, or refusal is not mandatory under s. 642.041:

(6) Having been found guilty of, or having pled guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or any state thereof or under the law of any other country, whether or not a judgment of conviction has been entered.

Section 51. Section 648.315, Florida Statutes, is created to read:

648.315 Number of applications for licensure required.--After a license as limited surety agent or professional bondsman has been issued to an individual, the same individual shall not be required to file another application for examination for a similar license, unless:

(1) Specifically ordered by the department to complete a new application; or

(2) A period of 24 months transpires between the time the licensee's last limited surety agent or professional bondsman's license is terminated and the date an application for a similar license is received by the department in Tallahassee.

Section 52. Paragraph (d) of subsection (2) of section 648.34, Florida Statutes, is amended, paragraphs (g) and (h) are added to said subsection, and subsection (3) of said section is amended to read:

648.34 Bail bondsmen; qualifications.--

(2) To qualify as a bail bondsman, it must affirmatively appear at the time of application and throughout the period of licensure that:

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(d) The applicant has successfully completed a basic certification course in the criminal justice system, consisting of not less than 80 hours, approved by the board and has successfully completed, within 2 years of the date of his application, a correspondence course for bail bondsmen approved by the board.

(g) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (2)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(h) The applicant has passed any required examination.

(3) A fee of $18 shall be submitted to the department with each application. In addition to the $18 fee, the department shall collect a fee necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service. Such fees will be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 53. Paragraph (g) is added to subsection (2) of section 648.37, Florida Statutes, and subsection (3) of said section is amended to read:

648.37 Runners; qualifications.
(2) In order for an applicant to qualify as a runner, it must affirmatively appear at the time of application and throughout the period of licensure that:

(g) An individual who is a bona fide resident of this state shall be deemed to meet the residence requirement of paragraph (2)(b), notwithstanding the existence, at the time of application for license, of a license in his name on the records of another state as a resident licensee of such other state, if the applicant furnishes a letter of clearance satisfactory to the department that his resident licenses have been canceled or changed to a nonresident basis and that he is in good standing.

(3) A fee in an amount necessary to cover the cost of a character and credit report made by an established and reputable independent credit reporting service shall be submitted to the department with each application, which fee shall be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. Any information so furnished shall be absolutely privileged and shall not be admissible or used as evidence in any action against the reporting service or other person furnishing the same.

Section 54. Section 648.38, Florida Statutes, is amended to read:

648.38 Examination; time; place; fee; scope.--

(1)(a) If upon the basis of the completed application for examination and such further inquiry or investigation as the department may make concerning the fitness and qualifications of the applicant, the department is satisfied that, subject to any examination required to be taken and passed by the applicant for a license, the applicant is qualified to take the examination applied for and that all

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pertinent taxes and fees have been paid, it shall approve the application.

(b) If upon the basis of the completed application for examination and such further inquiry or investigation as to the fitness and qualifications of the applicant, the department deems the applicant to be unfit or lacking in any one or more of the required qualifications as specified in s. 648.34 as to limited surety agents, and ss. 648.34 and 648.35 as to professional bondsmen, the department shall disapprove the application.

(c) At the time of filing his application for examination, each applicant shall pay to the department or a person designated by the department a fee for filing the application for the examination. To provide the applicant with options such as electronic examinations, a fee to cover the cost of such examinations may be charged to the applicant.

(2) Upon approval by the department, the applicant shall be required to appear in person at a place hereinafter designated to take a written examination prepared by the department, or by a person designated by the department for that purpose, and approved by the board, testing his ability and qualifications to be a bail bondsman. The board shall determine the minimum performance level required for passage of the examination in order to ensure that the applicant has an adequate level of competence and knowledge of the duties and responsibilities of a bail bondsman.

(3) The department or a person designated by the department shall mail written notice of the time and place of the examination to each applicant for license required to take an examination who will be eligible to take the examination as of the examination date. The notice shall be so mailed,

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postage prepaid, and addressed to the applicant at his address shown on his application for license, or at such other address as requested by the applicant in writing filed with the department at Tallahassee prior to the mailing of the notice.

Notice shall be deemed given when so mailed.

(4) Each applicant shall become eligible for examination 60 days after the date the application is received by the department in Tallahassee, provided the department is satisfied as to the applicant's fitness to take the examination. The examination shall be held in an adequate and designated examination center in this state which is located nearest to the applicant's place of residence, except that an examination may be taken at any other location if mutually convenient to the department and applicant, and he shall be entitled to notice of the time and place not less than 15 days prior to taking the examination.

(5) A fee of $10 shall be submitted to the department with each application, such fee to be deposited to the credit of the Insurance Commissioner's Regulatory Trust Fund. The fee for filing an application for examination shall not be subject to refund.

(6) The failure of the applicant to secure approval of the department shall not preclude him from applying as many times as he desires, but no application will be considered by the department within 60 days subsequent to the date upon which the department denied the last application.

(7) The failure of an applicant to pass an examination, after having been approved by the department to take the examination, does not preclude him from taking subsequent examinations. A separate and additional application and fee for filing an application for examination...
shall be filed with the department for each subsequent
examination; provided, however, that at least 30 days must
intervene between examinations.

(7) The $10 fee for filing application for examination
shall apply to each examination but once an applicant has
been approved by the department he will not have to file
another application as set forth in ss 648.34 and 648.35
unless specifically so ordered by the department. Any bail
bondsman who successfully passes an examination must be
licensed within 24 months from date of examination or be
subject to another examination unless failure to be so
licensed was due to military service, in which event the
period within which another examination is not required may,
in the department's discretion, be extended to 12 months
following the date of discharge from military service, if the
military service does not exceed 3 years, but in no event to
extend under this clause for a period of more than 4 years.

(8) The scope of the examination shall be as broad as
the bail bond business.

Section 55. Subsection (1) of section 648.39, Florida
Statutes, is amended to read:

648.39 Notice of appointment of agents; termination.--
(1) Each insurer shall biennially, prior to March
September 1 of each odd-numbered year, file with the
department an alphabetical list of all agents appointed
pursuant to this chapter, giving the type and class of
license, name, and address of each licensee whose appointment
and license in this state is being renewed or is to be
continued in effect, accompanied by payment of the applicable
renewal or continuation fees and taxes. Each such insurer
which shall, subsequent to the filing of this list, expect to

CODING: Words stricken are deletions; words underlined are additions.
appoint an agent pursuant to this chapter in this state shall give notice thereof to the department along with a written application for license for such agent. All such appointments shall be subject to the issuance of licenses pursuant to this chapter to such agents.

Section 56. Section 626.881, Florida Statutes, as amended by chapters 84-94 and 85-62, Laws of Florida, is hereby repealed.

Section 57. Section 626.88111, Florida Statutes, as amended by chapter 85-321, Laws of Florida, is hereby repealed.

Section 58. Section 626.552, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 59. Section 626.8809, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 60. Section 627.4085, Florida Statutes, is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 61. Each section which is added to chapter 648, Florida Statutes, by this act is repealed on October 1, 1988, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 62. Except as otherwise provided herein, this act shall take effect October 1, 1987.

CODING: Words strucken are deletions; words underlined are additions.
### HOUSE SUMMARY

Revises state law governing insurance. Among other changes the act:

1. Authorizes the Department of Law Enforcement to accept fingerprints of any person involved in any organization which is examined or investigated under the provisions of the Florida Insurance Code.

2. Authorizes the Department of Insurance to grant a preliminary approval to an insurance arrangement under described circumstances.

3. Revises insolvency protection provisions with respect to insurance arrangements.

4. Authorizes applicants for examination to retake the exam as many times as they desire.

5. Requires character and credit reports.

6. Revises reporting by insurers of insurance agencies and supervising or managing general agents.

7. Provides uniform language for discipline, refusal, suspension, or revocation of licensure with respect to persons who have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a crime punishable by imprisonment of 1 year or more under the law of the United States of America or of any state thereof or under the law of any other country.

8. Redefines the terms "public adjuster," "administrator," and "insured."

9. Eases restrictions on bona fide residents who are licensees in another state.

10. Prohibits the Department of Insurance from issuing certain licenses to any nonresident who at the time of issuance and throughout the existence of the nonresident license, does not hold a license issued by another state or province.

11. Revises state law governing bail bondsmen.

12. Requires administrators to keep in force and effect a fidelity bond.

13. Provides disclosure requirements with respect to credit life insurance policies.

14. Revises language with respect to annual licenses affecting certain societies authorized to transact insurance business.

See bill for details.

**CODING:** Words struck are deletions; words underlined are additions.
I. SUMMARY:

A. Present Situation:

Section 627.672, F.S., defines credit life insurance as insurance on the life of a debtor in connection with a specific loan or other credit transaction. If the debtor dies or becomes disabled during the course of the loan, the debt is satisfied by credit life insurance. Many credit life insurance policies contain exceptions which an applicant may not be aware of when he applies for the insurance.

B. Effect of Proposed Changes:

This bill amends s. 627.679, F.S., to require that before credit life insurance is sold, the creditor agent or credit life agent must obtain a separate written acknowledgement that the applicant understands the benefits under the policy will terminate when the applicant reaches a certain age. The applicant must also verify that his age is accurately represented on the application.

The agent must also obtain a written acknowledgement that the applicant understands the credit life coverage may be deferred if, at the time of application, he is unable to engage in employment or perform normal activities, if the policy contains this restriction.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Insurance industry representatives indicate that some additional administrative costs may occur and that such costs could be passed on to the public. It is indeterminable at this time as to any specific costs that would occur.

B. Government:

None.

III. COMMENTS:

None.

IV. AMENDMENTS:

None.
COMMITTEE ON Commerce

DATE April 14, 1987
TIME 9 a.m. - 12 noon
PLACE Room "A", S.O.B.

FINAL ACTION:
_x_ Favorably with 0 amendments
___ Favorably with Committee Substitute
___ Unfavorably

OTHER COMMITTEE REFERENCES:
(In order shown)
___ Favorably with Committee Substitute
___ Unfavorably

OTHER: ___ Temporarily Passed
___ Reconsidered
___ Not Considered

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(Attach additional page if necessary)

Please Complete: The key sponsor appeared ( )
A Senator appeared ( )
Sponsor's aide appeared ( )
Other appearance ( x )
I. SUMMARY:

A. Present Situation:

In 1986, ss. 624.460-624.488, F.S., were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires administrators for insured or self-insured programs which provide life and health insurance coverage to obtain a certificate of authority.

Section 626.881, F.S., requires administrators, in order to protect against insolvency, to deposit securities with the Department of Insurance in the amount of $50,000 for the first year of operation. The deposit is subject to annual adjustments which may raise the requirement to 10 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount.

B. Effect of Proposed Changes:

Section 626.88, F.S., is amended to provide that the term "administrator" includes persons who administer insurance coverage in connection with authorized commercial self-insurance funds. Since the term "administrator" is expanded, administrators of commercial self-insurance funds are required to obtain a certificate of authority. Subsection 626.88(d), F.S., clarifies that a health care services plan, health maintenance organization, or professional service plan corporation which possesses a valid certificate of authority is not deemed to be an "administrator" if its activities are limited to those authorized by its certificate of authority. Subsection 626.88(e), F.S., expands one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance. Also, the definition of "insurer" is expanded to include commercial self-insurance funds for the purpose of regulation of administrators.

Section 626.8805, F.S., provides that an administrator, who obtains a certificate of authority, is authorized to administer commercial self-insurance funds, or life and health programs, or both.

Due to the expense involved with posting securities or obtaining a surety bond, this bill repeals s. 626.881, F.S., and creates s. 626.8809, F.S., which requires administrators to
maintain a fidelity bond. The fidelity bond will afford protection against economic loss and be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled or managed annually by the administrator not to exceed $500,000, unless a greater amount is required by the department.

Section 626.8811, F.S., which prohibits creditors from levying upon the security deposit posted by administrators is repealed.

Section 626.891, F.S., is revised regarding grounds for suspension or revocation of the certificate of authority of an administrator, by changing the reference from "deposit" previously required by s. 626.881, F.S., to "fidelity bond" required by s. 626.8809, F.S. The department is authorized to suspend the certificate of authority of an administrator if a fidelity bond is not maintained.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the department. However, administrators will realize savings associated with the difference in cost between depositing securities or obtaining a surety bond and maintaining a fidelity bond.

B. Government:

Representatives from the department have advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to service a commercial self-insurance fund.

III. COMMENTS:

None.

IV. AMENDMENTS:

None.
A bill to be entitled

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

Section 1. Section 626.88, Florida Statutes, is amended to read:

626.88 Definitions of "administrator" and "insurer".--

(1) For the purposes of this part, an "administrator" is any person who directly or indirectly solicits or effects coverage of, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with authorized commercial self-insurance funds or with insured or self-insured programs which provide life or health insurance coverage or coverage of any other expenses described in s. 624.33(1), other than any of the following persons:

(a) An employer on behalf of such employer's employees or the employees of one or more subsidiary or affiliated corporations of such employer. 

(b) A union on behalf of its members.

(c) An insurance company which is either authorized to transact insurance in this state or is acting as an insurer with respect to a policy lawfully issued and delivered by such company in, and pursuant to the laws of, a state in which the insurer was authorized to transact an insurance business.

(d) A health care services plan, health maintenance organization, professional service plan corporation, or person

CODING: Words struck out are deletions; words underlined are additions.
in the business of providing continuing care, possessing a
valid certificate of authority issued by the department, and
the sales representatives thereof, if the activities of such
entity are limited to the activities permitted under the
certificate of authority.

(e) An insurance A-life-or-health agent licensed in
this state whose activities are limited exclusively to the
sale of insurance.

(f) An adjuster licensed in this state whose
activities are limited to the adjustment of claims.

(g) A creditor on behalf of such creditor's debtors
with respect to insurance covering a debt between the creditor
and its debtors.

(h) A trust, and its trustees, agents, and employees
acting pursuant to such trust, established in conformity with
29 U.S.C. s. 186.

(i) A trust exempt from taxation under s. 501(a) of
the Internal Revenue Code, a trust satisfying the requirements
of ss. 624.438 and 624.439, or any governmental trust as
defined in s. 624.33(3), and the trustees and employees acting
pursuant to such trust, or a custodian, and its agents and
employees, including individuals representing the trustees in
overseeing the activities of a service company or
administrator, acting pursuant to a custodial account which
meets the requirements of s. 401(f) of the Internal Revenue
Code.

(j) A financial institution which is subject to
supervision or examination by federal or state authorities or
a mortgage lender licensed under chapter 494 who collects and
remit premiums to licensed insurance agents or authorized

CODING: Words struck out are deletions; words underlined are additions.
SECTION 2. Subsection (6) is added to section 626.8805, Florida Statutes, to read:

626.8805 Certificate of authority to act as administrator.--

(6) A certificate of authority issued under this section shall indicate that the administrator is authorized to administer commercial self-insurance funds, or life and health programs, or both; except that a certificate of authority

CODING: Words struck are deletions; words underlined are additions.
issued prior to the effective date of this act does not authorize the administration of commercial self-insurance funds.

Section 3. Section 626.8809, Florida Statutes, is created to read:

626.8809 Fidelity bond.--An administrator shall have and keep in full force and effect a fidelity bond equal to at least 10 percent of the amount of the funds handled or managed annually by the administrator. However, the department may not require a bond greater than $500,000, unless the department, after due notice to all interested parties and opportunity for hearing and after consideration of the record, requires an amount in excess of $500,000, but not more than 10 percent of the amount of the funds handled or managed annually by the administrator.

Section 4. Section 626.881, Florida Statutes, as amended by chapters 84-94 and 85-62, Laws of Florida, is hereby repealed.

Section 5. Section 626.8811, Florida Statutes, as amended by chapter 85-321, Laws of Florida, is hereby repealed.

Section 6. Paragraph (bl of subsection (3) of section 626.891, Florida Statutes, is amended to read:

626.891 Grounds for suspension or revocation of certificate of authority.--

(3) The department may, pursuant to s. 120.60, in its discretion and without advance notice or hearing thereon, immediately suspend the certificate of any administrator if it finds that one or more of the following circumstances exist:

(a) The administrator is insolvent or impaired.

CODING: Words stricken are deletions; words underlined are additions.
(b) The fidelity bond deposit required by s. 626.8809 is not maintained.

(c) A proceeding for receivership, conservatorship, rehabilitation, or other delinquency proceeding regarding the administrator has been commenced in any state.

(d) The financial condition or business practices of the administrator otherwise pose an imminent threat to the public health, safety, or welfare of the residents of this state.

Section 7. Section 626.8809, Florida Statutes, is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 8. This act shall take effect October 1, 1987.

CODING: Words stricken are deletions; words underlined are additions.
**Bill Action Record**

Committee on ____________________
Meeting Time: ____________________

Referred to Subcommittee on ____________________
Subcommittee report: ____________________

Committee Action: ____________________

Final vote on bill

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**Bill No.** F3764-2

Date received: ____________________

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Other action: ____________________

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**H-83**
I. SUMMARY

The bill requires administrators of commercial self-insurance funds to obtain a certificate of authority by expanding the definition of the term "administrator." The bill repeals the requirement that administrators either deposit securities with the Department of Insurance or obtain a surety bond and, in lieu thereof, requires administrators to obtain a fidelity bond.

In 1986, ss. 624.460-624.488 were enacted which authorized the formation of commercial self-insurance funds for the purpose of providing property, casualty or surety insurance to its members. A commercial self-insurance fund is required to have competent and trustworthy persons to administer or service the fund in the areas of claims adjusting, underwriting and risk management. However, the present law only requires administrators for insured or self-insured programs which provide life and health insurance coverage to obtain a certificate of authority.

The bill expands the definition of the term "administrator" to include persons who administer insurance coverage in connection with authorized commercial self-insurance funds. The bill will authorize an administrator, who obtains a certificate of authority, to administer commercial self-insurance funds, or life and health programs, or both.
The bill also expands the definition of "insurer" to include commercial self-insurance funds for the purpose of regulation of administrators.

The bill clarifies that a health care services plan, health maintenance organization, or professional service plan corporation which possesses a valid certificate of authority is not deemed to be an "administrator" if its activities are limited to those authorized by its certificate of authority. The bill enlarges one of the exemptions pertaining to persons not having to be licensed as an administrator, from those persons who are life or health insurance agents, to any type of insurance agent who is licensed in Florida and whose activities are limited to the selling of insurance.

Present law, s. 626.881, requires administrators, in order to protect against insolvency, to deposit securities with the department in the amount of $50,000 for the first year of operation. The deposit is subject to annual adjustments which may raise the requirement to 10 percent of the total funds handled, not to exceed $500,000. Instead of depositing securities, the administrator may file a surety bond in the same amount. Because of the expense involved with posting securities or obtaining a surety bond, this bill repeals s. 626.881 and creates s. 626.8809, F.S., which requires administrators to maintain a fidelity bond. The fidelity bond will afford protection against economic loss and be less expensive than posting securities or obtaining a surety bond. The fidelity bond must be in the amount of at least 10 percent of the funds handled annually by the administrator not to exceed $500,000, unless a greater amount is required by the department.

The bill repeals s. 626.8811, F.S., which prohibits creditors from levying upon the security deposit posted by administrators, because with the repeal of s. 626.881, administrators will no longer be required to deposit securities with the department.

The bill revises s. 626.891, F.S., regarding grounds for suspension or revocation of the certificate of authority of an administrator, by changing the reference from "deposit" previously required by s. 626.881 to "fidelity bond" required by s. 626.8809. The bill authorizes the Department of Insurance to suspend the certificate of authority of an administrator if a fidelity bond is not maintained.
II. ECONOMIC IMPACT

A. Public
Persons seeking to be an administrator of a commercial self-insurance fund will incur costs associated with obtaining a certificate of authority from the Department of Insurance. However, administrators will realize savings associated with the difference in cost between depositing securities or obtaining a surety bond and maintaining a fidelity bond.

B. Government
The Department of Insurance has advised that no additional costs will be incurred with the licensing and regulating of administrators seeking a certificate of authority to service a commercial self-insurance fund.

III. STATE COMPREHENSIVE PLAN IMPACT
None

IV. COMMENTS
None

V. AMENDMENTS
None

VI. PREPARED BY: Robert A. Henderson

VII. STAFF DIRECTOR: Jose A. Diez-Arquelles
MEMBER AMENDMENT (in computer)

Bill No. PCB INS 87-9

Senate Action

House Action

If amendment is text of another bill insert:
Bill No. Draft No.

Representative ............................................................

offered the following amendment:

Amendment

On page 1 , line 10 ,

insert:

Section 1. Subsection (3) of section 624.438, Florida Statutes, is amended to read:

624.438 General eligibility.--
(3) Each arrangement shall maintain specific and aggregate excess insurance with a retention level determined in accordance with sound actuarial principles.

Section 2. Subsection (1) of section 624.44, Florida Statutes, is amended to read:

624.44 Financial condition, loss reserves, excess insurance reinsurance, or working capital; determination of inadequacy.--
(1) The department may, upon reasonable notice, conduct an examination of the loss reserves, financial condition, specific excess insurance, and working capital of a multiple-employer welfare arrangement. If the department preliminarily finds that the reserves, specific excess insurance, or financial condition may be inadequate, or that the arrangement does not have a combined working capital in an amount establishing the financial strength and liquidity of the arrangement to pay claims promptly and showing evidence of

Orig. Journal
Code: h0009/999-0a
Third
Date:
Fourth
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the financial ability of the arrangement to meet its obligations to covered employees, the department shall notify the arrangement of such inadequacy. Upon being so notified, the arrangement shall within 60 days file with the department all information which, in the belief of the arrangement, proves the reasonableness and adequacy of the condition noted as being inadequate.

Section 3. Subsection (9) is added to section 624.439, Florida Statutes, to read:

(9) The department may grant preliminary approval to an arrangement when preliminary approval is needed for the arrangement to obtain the information required under subsections (5) or (6).

Section 4. Section 624.441, Florida Statutes, is amended to read:

624.441 Insolvency protection.—

(1) To assure the faithful performance of its obligations to its member employers and covered employees and their dependents, every arrangement shall purchase and maintain annual excess insurance providing retention levels satisfactory to the department in accordance with sound actuarial principles, within 30 days of the close of each fiscal year, deposit with the department cash, securities of the type eligible for deposit by insurers under s. 625.527, or any combination of these or other measures acceptable to the department, in an amount equal to 25 percent of the preceding 12-month health-care-claim expenditures or 5 percent of gross annual premiums for the succeeding year, whichever is greater; however, in no case shall the amount of the deposit exceed $189,889. All income from deposits shall belong to the depositing arrangement and shall be paid to it as it becomes available.
MEMBER AMENDMENT (in computer)

Bill No. PCB INS 87-9

available.—An arrangement that has made a securities deposit may withdraw that deposit, or any part thereof, after making a substitute deposit of cash, securities, or any combination of these or other measures of equal amount and value upon approval by the department. No judgment creditor or other claimant of a multiple-employer-welfare-association shall have the right to levy upon any of the assets or securities held in this state as a deposit under this section.

(2) Every arrangement shall establish and maintain a contingency reserve equal to 100 percent of the difference between its reserves for losses and loss adjustment expenses and the attachment level of the aggregate excess insurance maintained by the arrangement. Any arrangement which can demonstrate to the department that its annual premiums, or a combination of its annual premiums and contingency reserve, are sufficient to reach the attachment level of the aggregate excess insurance shall not be required to establish and maintain a contingency reserve equal to 100 percent of the difference between its reserves for losses and loss adjustment expenses and the attachment level of the aggregate excess insurance. Premium amounts received by an arrangement which are in excess of the losses and expenses of the arrangement's plan year shall be retained by the arrangement until a reasonable determination has been made that the excess amounts are not needed to pay losses and expenses for such plan year, and shall be retained for at least 6 months after the end of the plan year. In lieu of the deposit required under subsection (1), an arrangement may file with the department a surety bond in the amount of the bond shall be one issued by an authorized surety insurer; shall be for the same purpose as the deposit in lieu of which it is filed; and
shall be subject to the department's approval. No bond shall be canceled or subject to cancellation unless at least 60 days' advance notice thereof in writing is filed with the department. No bond shall be approved unless it covers its liabilities arising from all policies and contracts issued and entered into during the time the bond is in effect and unless the department is satisfied that the bond provides the same degree of security as would be provided by a deposit of securities.

(3) Arrangements approved by the department prior to July 1, 1987, shall comply with all requirements of this section by the end of the arrangement's first complete fiscal year beginning after July 1, 1987. Deposits-of securities or cash pursuant to this section shall be administered by the department in accordance with part fff of chapter 625:

(RENUMBER SUBSEQUENT SECTIONS)