



## FAIFA Session Dispatch (3/23/07)

### 2007 LEGISLATIVE SESSION

by Timothy J. Meenan, FAIFA Lobbyist

This week there were a number of important developments which directly impact FAIFA's interests. There was movement on the branch agency bill and the limited license for travel protection and motor vehicle rental insurance as well as some of the mandate bills. Also, legislation designed to correct some of the problems which developed as a result of the Jessica Lunsford Act passed out of committee.

#### LEGISLATIVE ACTION – WEEK #3

#### **SUPREME COURT REJECTS CONSTITUTIONAL AMENDMENTS WHICH COULD HAVE LED TO AGENTS COMMISSIONS TAX: STATEWIDE TAX COMMISSION MAY CONSIDER THE SAME ISSUE THIS SUMMER**

Former Senator John McKay has been attempting to get several proposed constitutional amendments certified to be on the next ballot to undergo a referendum by the voters. Two of his three amendments to completely overhaul the state's tax structure were disapproved by the full Supreme Court. The most objectionable amendment would have extended the state's sales tax to all consumer "service charges." This would have made agents' commissions taxable under the sales tax. FAIFA has strongly opposed, and makes it top priority to oppose, any taxation of agent commissions. The court found misleading and confusing language in the actual ballot amendatory language.

Once the Supreme Court approves the language for a ballot initiative, it takes more than 600,000 signatures of registered voters to place a proposal on the statewide ballot. This sets the stage for the upcoming Florida Taxation and Budget Reform Commission, a panel which meets every ten years or so, pursuant to our constitution, to consider placing amendments directly on the ballot to reform our constitution and our state's tax base.

FAIFA must be vigilant to prevent the Commission from recommending any taxation of our commissions. We will be monitoring this group closely over the summer and will continue to update our members.

#### **HOUSE BILL 1381 (SB 2702) – INSURANCE AGENTS/BRANCH AGENCIES**

The House Insurance Committee passed HB 1381 with an amendment that FAIFA drafted and worked aggressively to get adopted. That amendment protects member interests by providing that a licensed insurance agent in charge of an insurance agency, which is not affiliated with a financial institution, securities dealer, or funeral establishment, may also be the agent in charge of branch insurance locations. So agents with multiple locations will still need to get them licensed as a branch agency, but will not need to maintain a full time agent at those locations.

Activities that require licensure may not take place when the agent is not physically present. Additionally, no unlicensed individuals may conduct activities which require a license. The amendment "levels the playing field" regarding branch insurance office activities relative to agent activities to ensure that we have the same exemption as banks, brokers, and funeral homes for our branch offices.

This bill will next receive committee consideration from the House Jobs and Entrepreneurship Council. No date has been set for the Council hearing. Senate Bill 2702, the related Senate bill to HB 1381, has not received any committee consideration, but it has been referred to the Senate Banking and Insurance Committee and then the Regulated Industries Committee for hearing. No

hearing date has been scheduled for the Senate bill. We are already working on getting the same language amended into the Senate bill as well.

#### **SENATE BILL 1678 (HB 411) – LIMITED INSURANCE LICENSES FOR TRAVEL PROTECTION**

The Senate Banking and Insurance Committee passed Committee Substitute for SB 1678 out of committee. The original bill was substantially amended by the committee to add a definition of "travel insurance" and to provide for biennial licensure and payment of a licensure fee for motor vehicle rental insurance agents.

As provided in the bill, "travel insurance" means "policies or certificates of insurance that provide coverage for risks incidental to travel, planned travel, or accommodations while traveling, including, but not limited to, accidental death and dismemberment of a traveler; trip cancellation, interruption, or delay; loss of or damage to personal effects or travel documents; baggage delay; emergency medical travel or evacuation of a traveler; or medical, surgical, and hospital expenses related to an illness or emergency of a traveler."

Under this legislation, travel agents and condominium sellers may offer travel insurance with a 60-day cap under a limited agent's license. The House companion bill, HB 411, is awaiting consideration by the House Jobs and Entrepreneurship Council.

#### **HOUSE PROPOSED COMMITTEE BILL JEC 07-01 (SB 2084) – FINANCIAL INSTITUTIONS/CREDIT LIFE INSURANCE LIMIT**

The House Jobs and Entrepreneurship Council has adopted Proposed Committee Bill (PCB) JEC 07-01 with language which was amended in during committee consideration that removes the \$50,000 cap on credit life insurance, which is a limit on the maximum amount a creditor or its parent holding company may insure the life of a customer who obtains an installment loan offered by financial institutions.

This removal of the cap on the maximum amount of credit insurance was enacted by last year's legislature in HB 1361, but Governor Bush vetoed the bill due to other objectionable provisions. The Senate companion, SB 2084, is being heard this week. The House and Senate bills create debt cancellation products which are lending transactions between a financial institution and a debtor through which, for a fee charged the debtor, the institution may cancel a debt if certain events occur to protect the institution against risk of default.

#### **SENATE BILL 988 – INSURANCE AGENT ACCESS TO SCHOOL GROUNDS**

The Senate Pre-K through 12 Committee amended and passed SB 988 (no House companion filed) to make changes to the Jessica Lunsford Act provision requiring fingerprint-based background checks for contractors who are permitted on school grounds when students are present. This is an issue that directly affects the ability of insurance agents to do business on local school grounds.

As amended, the bill exempts the following non-instructional contractors from fingerprint-based background checks: (1) those under direct line-of-sight supervision of a person who meets the screening requirements; (2) those who are already required by law to undergo a level 2 background screening and who submit evidence that they meet the standard, were screened within the previous 5 years, and are licensed or certified in good standing, if required by their specialty; (3) law enforcement officers assigned or dispatched to school grounds; (4) employees and medical directors of ambulance providers; (5) those who work and remain in an area separated from students by a 6-foot chain link fence; and (6) those who provide pick-up or delivery services that involve brief visits to school. The bill will next be considered by the Senate Governmental Operations Committee, but has not been scheduled for a hearing. FAIFA is closely following developments with this legislation and will keep you informed.

#### **HEALTH IDENTIFICATION CARD BILL ADOPTED IN COMMITTEE**

The House Jobs and Entrepreneurship Council approved HB 177, the health insurance ID card legislation, without debate. This concept was enacted by last year's legislature, but then vetoed

due to other measures in the bill that were found to be unacceptable to Governor Bush.

This bill will require all health insurers and HMO plans to offer a detailed ID card to all policyholders to aid in admitting patients to hospitals and other health care provider scenarios.

#### **MANDATES UPDATE**

- Senate Bill 1172 – Breast Cancer Treatment passed out of the Health Policy Committee and is now in the General Government Appropriations Committee. It has not been scheduled for its next hearing.
- Senate Bill 366 – Infant Eye Care is scheduled for its first hearing by the Senate Banking and Insurance Committee on March 27, 2007, at 9:00 a.m.
- Committee Substitute for Senate Bill 110 – Prostate Cancer Coverage passed out of the Senate Banking and Insurance Committee and is now in the Senate Health Policy Committee. It has not been scheduled for its next hearing.
- House Bill 849/Senate Bill 1836 – Prohibit Generic Substitute for Anti-Epileptic Drugs is scheduled for its first hearing by the House Health Innovation Committee on March 27, 2007, at 8:00 a.m.

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