



INFORMATIONAL MEMORANDUM

OIR-11-04M

ISSUED

April 11, 2011

Florida Office of Insurance Regulation

Kevin M. McCarty, Commissioner

**ALL MOTOR VEHICLE SERVICE ASSOCIATIONS
and
PROPERTY AND CASUALTY COMPANIES with an
AUTO WARRANTY LINE OF BUSINESS**

The purpose of this memorandum is to provide guidance to motor vehicle service associations and property and casualty companies with an auto warranty line of business and notice to automobile dealers. Companies must demonstrate that refunds and other payments due consumers are being made in accordance with statutory provisions found in Sections 634.121 and 634.282, Florida Statutes. Below are examples of documentation acceptable for demonstrating that refunds of unearned premium due to cancellation, as well as refunds of overcharges or claims reimbursement, have been properly made to purchasers of motor vehicle service agreements.

Pursuant to Section 634.121, Florida Statutes, "The service agreement company remains responsible for full refunds to the consumer on canceled service agreements." In addition, Section 634.282, Florida Statutes, specifies that excess premiums or charges must be refunded within 45 days. Examples of the types of documentation which satisfactorily demonstrate that refunds of unearned premium due to cancellation as well as refunds of overcharges and claims reimbursement have been properly made to purchasers of motor vehicle service agreements include:

- Copy of the front and back of canceled check from the company or automobile dealer, or the issuing salesperson or agent, showing the full refund amount to the consumer.
- Copy of the front and back of canceled check to a financial institution or other settlement documentation showing payment to the lender for the full refund amount on behalf of the consumer or demonstrating that the full refund amount was applied to the consumer's outstanding loan balance.
- If the check was not negotiated by the consumer, evidence that the company informed the consumer of cancellation refund amount and directed the consumer to contact the salesperson or agent for the unpaid refund amount.
- Copy of buyer's order demonstrating that credit in the amount of the refund was applied to the purchase or lease of another vehicle.

This informational memorandum is not intended to provide an exhaustive listing of the detailed documentation acceptable to the Office; rather, it is to advise licensees of their statutory responsibility to maintain complete documentation that illustrates the timely and accurate refund or reimbursement to a Florida consumer.

If you have any questions regarding the content of this Memorandum, please contact Amy Groszos, Financial Administrator, Florida Office of Insurance Regulation at (850) 413-2434 or Amy.Groszos@floir.com.