By Senator Latvala

19-1208-02 See HB 679 A bill to be entitled

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An act relating to insurance; amending s. 627.7295, F.S.; clarifying an exception;

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providing an additional exception to a requirement that a minimum of 2 months' premium be collected to issue a policy or binder for motor vehicle insurance; amending s. 627.901, F.S.; authorizing insurance agents and insurers that finance premiums for certain policies to charge interest or a service charge at a specified rate on unpaid premiums on those policies; providing an effective date.

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

Section 1. Subsection (7) of section 627.7295, Florida Statutes, is amended to read:

627.7295 Motor vehicle insurance contracts.--

(7) A policy of private passenger motor vehicle insurance or a binder for such a policy may be initially issued in this state only if the insurer or agent has collected from the insured an amount equal to 2 months' premium. An insurer, agent, or premium finance company may not directly or indirectly take any action resulting in the insured having paid from the insured's own funds an amount less than the 2 months' premium required by this subsection. This subsection applies without regard to whether the premium is financed by a premium finance company or is paid pursuant to a periodic payment plan of an insurer or an insurance agent. This subsection does not apply if an insured or member of the insured's family is renewing or replacing a policy or a

31 agency.--

binder for such policy written by the same insurer or a member of the same insurer group. This subsection does not apply to 3 an insurer that issues private passenger motor vehicle 4 coverage primarily to active duty or former military personnel 5 or their dependents. This subsection does not apply if all 6 policy payments are paid pursuant to a payroll deduction plan 7 or an automatic electronic funds transfer payment plan from 8 the policyholder, provided that the first policy payment may 9 be is made by cash, cashier's check, check, or a money order. 10 This subsection and subsection (4) do not apply if all policy 11 payments to an insurer are paid pursuant to an automatic electronic funds transfer payment plan from an agent or a 12 managing general agent, or if the policy is issued pursuant to 13 14 the transfer of a book of business by an agent from one insurer to another, provided that and if the policy includes, 15 at a minimum, personal injury protection pursuant to ss. 16 17 627.730-627.7405; motor vehicle property damage liability pursuant to s. 627.7275; and bodily injury liability in at 18 19 least the amount of \$10,000 because of bodily injury to, or 20 death of, one person in any one accident and in the amount of \$20,000 because of bodily injury to, or death of, two or more 21 persons in any one accident. This subsection and subsection 22 (4) do not apply if an insured has had a policy in effect for 23 24 at least 6 months, the insured's agent is terminated by the 25 insurer that issued the policy, and the insured obtains coverage on the policy's renewal date with a new company 26 through the terminated agent. 27 28 Section 2. Subsection (1) of section 627.901, Florida 29 Statutes, is amended to read: 627.901 Premium financing by an insurance agent or 30

(1) A general lines agent may make reasonable service charges for financing insurance premiums on policies issued or business produced by such an agent or agency, s. 626.9541 notwithstanding. The service charge shall not exceed \$1 per installment, or a \$6 total service charge per year, for any premium balance of \$120 or less. For any premium balance greater than \$120 but not more than \$220, the service charge shall not exceed \$9 per year. The maximum service charge for any premium balance greater than \$220 shall not exceed \$12 per year. In lieu of such service charges, an insurance agent or agency may charge interest or service charges, which may be level amounts and subject to endorsement changes, which in the aggregate do not exceed a rate of interest not to exceed 18 percent simple interest per year on the average unpaid balance as billed over the term of the policy.

Section 3. This act shall take effect July 1, 2002.

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*********** HOUSE SUMMARY

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Adds an additional exception to the current requirement that at least a 2-month minimum down payment be paid for an auto insurance policy. Specifies that an insurer or

agent who is financing premiums may charge service or interest charges, in level monthly installments, provided that the total of the charges does not exceed the amounts charged under the current limit of an annual rate of 18 23 24 percent simple interest.

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