

By the Committee on Financial Services and Representatives
 Jones and Lippman

1 A bill to be entitled
 2 An act relating to motor vehicle insurance;
 3 amending s. 627.743, F.S.; requiring an insurer
 4 to provide notice to the owner of a damaged
 5 vehicle as to the consequences of failure to
 6 use the insurance proceeds in accordance with a
 7 security agreement; providing an exception;
 8 amending s. 627.7295, F.S.; providing an
 9 exception to minimum down payment requirements;
 10 providing an effective date.

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

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 14 Section 1. Section 627.743, Florida Statutes, is
 15 amended to read:

16 627.743 Payment of third-party claims.--
 17 (1) Before making any payment on a claim for damage to
 18 an automobile for a total loss, regardless of amount, which
 19 automobile is owned by a person who is not named as an insured
 20 in the policy under which payment is made, the insurer shall
 21 first cause a search of the records of the Department of
 22 Highway Safety and Motor Vehicles to be made in order to
 23 determine whether the damaged vehicle is subject to any liens.
 24 If the search discloses the existence of any liens, payment of
 25 the claim shall be made jointly to the owner of the damaged
 26 vehicle and the first lienholder of record. The insurer is
 27 ~~shall not be~~ subject to the requirements of this section if
 28 the owner of the damaged vehicle presents to the insurer a
 29 title certificate for such vehicle.

30 (2) When making any payment on a claim for damage to
 31 an automobile for a partial loss, the insurer shall have

1 printed either on the loss estimate, if prepared by the
2 insurer, or on the check or draft, the following: "Failure to
3 use the insurance proceeds in accordance with the security
4 agreement, if any, could be violation of s. 812.014, Florida
5 Statutes. If you have any questions, contact your lending
6 institution." However, this subsection does not apply if the
7 insurer does not prepare the loss estimate.

8 Section 2. Subsection (7) of section 627.7295, Florida
9 Statutes, is amended to read:

10 627.7295 Motor vehicle insurance contracts.--

11 (7) A policy of private passenger motor vehicle
12 insurance or a binder for such a policy may be initially
13 issued in this state only if the insurer or agent has
14 collected from the insured an amount equal to 2 months'
15 premium. An insurer, agent, or premium finance company may
16 not directly or indirectly take any action resulting in the
17 insured having paid from the insured's own funds an amount
18 less than the 2 months' premium required by this subsection.
19 This subsection applies without regard to whether the premium
20 is financed by a premium finance company or is paid pursuant
21 to a periodic payment plan of an insurer or an insurance
22 agent. This subsection does not apply if an insured or member
23 of the insured's family is renewing or replacing a policy or a
24 binder for such policy written by the same insurer or a member
25 of the same insurer group. This subsection does not apply to
26 an insurer that issues private passenger motor vehicle
27 coverage primarily to active duty or former military personnel
28 or their dependents. This subsection and subsection (4) do not
29 apply if an insured has had a policy in effect for at least 6
30 months, the insured's agent is terminated by the insurer that
31 issued the policy, and the insured obtains coverage on the

1 policy's renewal date with a new company through the
2 terminated agent. This subsection does not apply to payment of
3 premiums by an employer on behalf of an employee pursuant to a
4 payroll deduction plan.

5 Section 3. This act shall take effect October 1 of the
6 year in which enacted.

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