

By Representative Geller

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.728, F.S.; revising a definition; amending
4 s. 627.7295, F.S.; increases certain allowable
5 per-policy application fees; revising
6 limitations; providing an effective date.

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

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10 Section 1. Paragraph (c) of subsection (1) of section
11 627.728, Florida Statutes, 1996 Supplement, is amended to
12 read:

13 627.728 Cancellations; nonrenewals.--

14 (1) As used in this section, the term:

15 (c) "Nonpayment of premium" means failure of the named
16 insured to discharge when due any of his obligations in
17 connection with the payment of premiums on a policy or any
18 installment of such premium, whether the premium is payable
19 directly to the insurer or its agent or indirectly under any
20 premium finance plan or extension of credit, or failure to
21 maintain membership in an organization if such membership is a
22 condition precedent to insurance coverage. "Nonpayment of
23 premium" also means the failure of a financial institution to
24 honor an insurance applicant's check after delivery to a
25 licensed agent for payment of a premium, even if the agent has
26 previously delivered or transferred the premium to the
27 insurer; further, if the dishonored check represents the
28 initial premium payment, the contract shall be void ab initio
29 unless the nonpayment is cured within 5 days after ~~actual~~
30 notice by United States postal proof of mailing or by
31 certified or registered mail is received by the applicant, and

1 if the contract is void, any premium received by the insurer
2 from a third party shall be refunded to that party in full.
3 If a dishonored check is made payable to the insurer, the
4 insurer may cancel the policy in accordance with paragraph
5 (3)(a).

6 Section 2. Subsection (5) of section 627.7295, Florida
7 Statutes, 1996 Supplement, is amended to read:

8 627.7295 Motor vehicle insurance contracts.--

9 (5) A licensed general lines agent may charge a
10 per-policy application fee not to exceed \$25~~\$10~~ to cover the
11 administrative costs of the agent associated with selling the
12 motor vehicle insurance policy ~~if the policy covers only~~
13 ~~personal injury protection coverage as provided by s. 627.736~~
14 ~~and property damage liability coverage as provided by s.~~
15 ~~627.7275 and if no other insurance is sold or issued in~~
16 ~~conjunction with or collateral to the policy. The per-policy~~
17 fee shall be fully earned and shall be separate and distinct
18 from, and shall not be included in the calculation of, the
19 aggregate per-policy fee permitted in s. 626.7451(11)~~must be~~
20 ~~a component of the insurer's rate filing and may not be~~
21 ~~charged by an agent unless the fee is included in the filing.~~
22 ~~The fee is not considered part of the premium except for~~
23 ~~purposes of the department's review of expense factors in a~~
24 ~~filing made pursuant to s. 627.062.~~

25 Section 3. This act shall take effect upon becoming a
26 law.

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HOUSE SUMMARY

Revises criteria relating to cancellation of insurance due to nonpayment of premiums. Revises criteria for charging a per-policy application fee for administrative costs. Provides a fee increase. See bill for details.