



1 incorrect for the coverage set forth in the insurance  
2 application, the insurer shall immediately provide notice to  
3 the policyholder of the amount of additional premium due to  
4 the insurer and of ~~that the policyholder has~~ the following  
5 options:

6 (a) The policyholder has a period of 10 days, or a  
7 longer period if specified by the insurer, from receipt of the  
8 notice within which to pay the additional amount of premium  
9 due and thereby maintain the policy in full force under its  
10 original terms.

11 (b) The policyholder has a period of 10 days, or a  
12 longer period if specified by the insurer, from receipt of the  
13 notice within which to cancel the policy and demand a refund  
14 of any unearned premiums.

15 (c) If the policyholder fails to timely respond to the  
16 notice, the insurer shall:

17 1. Issue a notice of cancellation for nonpayment of  
18 premium pursuant to s. 627.728 ~~cancel the policy~~ and return  
19 any unearned premium in accordance with s. 627.7283, in which  
20 case the cancellation date may, at the insurer's option, be  
21 the date on which the charged premium is exhausted; or

22 2. Advance the expiration date of the policy to be the  
23 date on which the charged premium is exhausted ~~to the insured.~~

24

25 The insurer shall state in the notice which action the insurer  
26 will take if the insured fails to timely respond to the  
27 notice. If the insurer elects to cancel the policy on, or  
28 advance the expiration of the policy to, the date on which the  
29 charged premium is exhausted, the notice shall state that the  
30 policy will remain in effect until such date unless otherwise  
31 cancelled or terminated in accordance with the policy and

1 ~~applicable provisions of the insurance code. The date on which~~  
2 ~~the policy will be canceled shall be stated in the notice and~~  
3 ~~shall in no case be less than 14 days after the date of the~~  
4 ~~notice.~~

5 Section 2. Subsection (1) of section 627.7283, Florida  
6 Statutes, is amended to read:

7 627.7283 Cancellation; return of premium.--

8 (1) If the insured or insurer cancels a policy of  
9 motor vehicle insurance, the insurer must return the unearned  
10 portion of any premium paid within 30 days after the later of  
11 the issuance or receipt by the insurer of notice of  
12 cancellation or the effective date of cancellation. If the  
13 unearned premium is not returned within the 30-day period, the  
14 insurer must pay 8 percent interest on the amount due. If the  
15 unearned premium is not returned within 45 days after the  
16 later of the issuance or receipt of the notice or the  
17 effective date of cancellation, the insured may bring an  
18 action against the insurer pursuant to s. 624.155.

19 Section 3. Effective July 1, 2000, subsections (3) and  
20 (7) of section 627.7295, Florida Statutes, 1998 Supplement,  
21 are amended to read:

22 627.7295 Motor vehicle insurance contracts.--

23 (3) Except as provided in s. 627.7282, an insured may  
24 not cancel a policy or binder during the first 60 days ~~two~~  
25 ~~months~~ immediately following the effective date of the policy  
26 except:

27 (a) Upon total destruction of the insured motor  
28 vehicle;

29 (b) Upon transfer of ownership of the insured motor  
30 vehicle; or

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1           (c) After purchase of another policy or binder  
2 covering the motor vehicle that was covered under the policy  
3 being canceled.

4           (7) A policy of private passenger motor vehicle  
5 insurance or a binder for such a policy may be initially  
6 issued in this state only if the insurer or agent has  
7 collected from the insured an amount equal to 60 days' 2  
8 ~~months'~~ premium. An insurer, agent, or premium finance  
9 company may not directly or indirectly take any action  
10 resulting in the insured having paid from the insured's own  
11 funds an amount less than the 60 days' 2 months' premium  
12 required by this subsection. This subsection applies without  
13 regard to whether the premium is financed by a premium finance  
14 company or is paid pursuant to a periodic payment plan of an  
15 insurer or an insurance agent. This subsection does not apply  
16 if an insured or member of the insured's family is renewing or  
17 replacing a policy or a binder for such policy written by the  
18 same insurer or a member of the same insurer group. This  
19 subsection does not apply to an insurer that issues private  
20 passenger motor vehicle coverage primarily to active duty or  
21 former military personnel or their dependents. This subsection  
22 does not apply if the policy is paid pursuant to a payroll  
23 deduction plan or an automatic electronic funds transfer  
24 payment plan. This subsection and subsection (4) do not apply  
25 if an insured has had a policy in effect for at least 6  
26 months, the insured's agent is terminated by the insurer that  
27 issued the policy, and the insured obtains coverage on the  
28 policy's renewal date with a new company through the  
29 terminated agent.

30           Section 4. Paragraph (e) of subsection (1) of section  
31 627.848, Florida Statutes, is amended to read:

1           627.848 Cancellation of insurance contract upon  
2 default.--  
3           (1) When a premium finance agreement contains a power  
4 of attorney or other authority enabling the premium finance  
5 company to cancel any insurance contract listed in the  
6 agreement, the insurance contract shall not be canceled unless  
7 cancellation is in accordance with the following provisions:  
8           (e) Whenever an insurance contract is canceled in  
9 accordance with this section, the insurer shall promptly  
10 return the unpaid balance due under the finance contract, up  
11 to the gross amount available upon the cancellation of the  
12 policy, to the premium finance company and any remaining  
13 unearned premium to the agent or the insured, or both, for the  
14 benefit of the insured or insureds. The insurer shall notify  
15 the insured, the premium finance company, and the agent of the  
16 amount of unearned premium returned to the premium finance  
17 company and the amount of unearned commission held by the  
18 agent. The premium finance company, within 15 days after  
19 receipt of the notification and any unearned premium, shall  
20 notify the insured and the agent of the amount, if any, in  
21 excess of the loan balance and shall remit or credit such  
22 amount to the agent or remit such amount to the insured, or  
23 both, for the benefit of the insured or insureds ~~of unearned~~  
24 ~~premium.~~ Within 15 days after ~~of~~ receipt of notification and  
25 any loan balance from the premium finance company and any  
26 unearned premium from the insurer, the agent shall return such  
27 amounts, together with ~~amount including~~ any unearned  
28 commission, to the insured or with the written approval of the  
29 insured apply such amounts ~~amount~~ to the purchase of other  
30 insurance products regulated by the department. The department  
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1 may adopt rules necessary to implement the provisions of this  
2 subsection.

3 Section 5. This act shall take effect October 1, 1999.  
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6 HOUSE SUMMARY

7 Revises motor vehicle insurance cancellation provisions  
8 to remedy applications of such provisions which  
9 contribute to premature cancellations of motor vehicle  
10 insurance policies and to clarify and provide consistency  
11 among other cancellation provisions. See bill for  
12 details.  
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