

By Representative Morroni

1 A bill to be entitled
2 An act relating to motor vehicle insurance
3 premiums; amending s. 627.728, F.S.;
4 authorizing an insurer to cancel a policy for
5 nonpayment of premium under certain
6 circumstances; amending s. 627.7295, F.S.;
7 revising a premium amount criterion for initial
8 issuance of certain motor vehicle insurance
9 policies; providing an effective date.

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

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13 Section 1. Paragraph (a) of subsection (3) of section
14 627.728, Florida Statutes, is amended to read:

15 627.728 Cancellations; nonrenewals.--

16 (3)(a) No notice of cancellation of a policy to which
17 this section applies shall be effective unless mailed or
18 delivered by the insurer to the named insured and to the named
19 insured's insurance agent at least 45 days prior to the
20 effective date of cancellation, except that, when cancellation
21 is for nonpayment of premium, at least 10 days' notice of
22 cancellation accompanied by the reason therefor shall be
23 given. An insurer may cancel a policy for nonpayment of
24 premium on or after the monthly due date of the premium
25 payment if the insurer provides two written notices of
26 cancellation to the insured within the immediately preceding
27 30 days prior to the monthly due date.No notice of
28 cancellation of a policy to which this section applies shall
29 be effective unless the reason or reasons for cancellation
30 accompany the notice of cancellation.

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1 (b) Nothing in this subsection shall apply to
2 nonrenewal.

3 (c) Nothing in this subsection shall apply in cases in
4 which the premium has been financed and the premium finance
5 company has complied with the notice provisions of s. 627.848.

6 Section 2. Subsection (7) of section 627.7295, Florida
7 Statutes, 1998 Supplement, is amended to read:

8 627.7295 Motor vehicle insurance contracts.--

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

1 the insured obtains coverage on the policy's renewal date with
2 a new company through the terminated agent.

3 Section 3. This act shall take effect July 1, 1999.

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6 HOUSE SUMMARY

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8 Authorizes an insurer to cancel a policy for nonpayment
9 of premium after its due date after providing two written
10 notices of cancellation within 30 days after such due
11 date. Reduces the amount required for initial issuance of
12 a policy of private passenger motor vehicle insurance
13 from a 2 months' premium to a 2 weeks' premium.

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