

By Senator Rossin

35-1523-99

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.728, F.S.; specifying conditions under
4 which certain policies may be canceled for
5 nonpayment of premiums; amending s. 627.795,
6 F.S.; reducing the amount of premium required
7 to be collected before issuing a motor vehicle
8 insurance policy or binder; providing an
9 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. Subsection (3) of section 627.728, Florida
14 Statutes, 1998 Supplement, 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 if the
24 insurer provides two written notices of cancellation to the
25 insured within the immediately preceding 30 days before the
26 monthly due date.No notice of cancellation of a policy to
27 which this section applies shall be effective unless the
28 reason or reasons for cancellation accompany the notice of
29 cancellation.

30 (b) Nothing in this subsection shall apply to
31 nonrenewal.

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

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

6 627.7295 Motor vehicle insurance contracts.--

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

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

SENATE SUMMARY

Provides conditions under which certain insurance policies may be canceled without 10 days' written notice and reduces the amount of premium binder required for certain motor vehicle insurance policies.