

By the Committee on Banking and Insurance; and Senator Rossin

311-2171-99

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A bill to be entitled
An act relating to insurance; amending s.
627.7295, F.S.; providing conditions for
payment pursuant to a payroll deduction or
automatic electronic funds transfer payment
plan; providing an effective date.

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

Section 1. Subsection (7) of section 627.7295, Florida
Statutes, 1998 Supplement, is amended to read:

627.7295 Motor vehicle insurance contracts.--
(7) A policy of private passenger motor vehicle
insurance or a binder for such a policy may be initially
issued in this state only if the insurer or agent has
collected from the insured an amount equal to 2 months'
premium. An insurer, agent, or premium finance company may
not directly or indirectly take any action resulting in the
insured having paid from the insured's own funds an amount
less than the 2 months' premium required by this subsection.
This subsection applies without regard to whether the premium
is financed by a premium finance company or is paid pursuant
to a periodic payment plan of an insurer or an insurance
agent. This subsection does not apply if an insured or member
of the insured's family is renewing or replacing a policy or a
binder for such policy written by the same insurer or a member
of the same insurer group. This subsection does not apply to
an insurer that issues private passenger motor vehicle
coverage primarily to active duty or former military personnel
or their dependents. This subsection does not apply if all the
policy payments are ~~is~~ paid pursuant to a payroll deduction

1 plan or an automatic electronic funds transfer payment plan
2 from the policyholder. This subsection and subsection (4) do
3 not apply if all policy payments to an insurer are paid
4 pursuant to an electronic funds transfer payment plan from an
5 agent or a managing general agent, provided that the policy
6 includes, at a minimum, personal injury protection pursuant to
7 ss. 627.730-627.7405; motor vehicle property damage liability
8 coverage pursuant to s. 627.7275; and bodily injury liability
9 coverage in at least the amount of \$10,000 covering bodily
10 injury to, or death of, one person in any one accident and in
11 the amount of \$20,000 covering bodily injury to, or death of,
12 two or more persons in any one accident.This subsection and
13 subsection (4) do not apply if an insured has had a policy in
14 effect for at least 6 months, the insured's agent is
15 terminated by the insurer that issued the policy, and the
16 insured obtains coverage on the policy's renewal date with a
17 new company through the terminated agent.

18 Section 2. This act shall take effect July 1, 1999.

1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 2342
4 Deletes section 1 of the bill, modifying notice requirements
5 for cancellation due to nonpayment of premium.
6 Deletes the provision of the bill which changed the 2 months'
7 premium down payment to 2 weeks' premium deposit.
8 Revises an exception to the minimum 2-month down payment
9 requirement for payments made pursuant to a payroll deduction
10 plan or an automatic electronic funds transfer payment plan,
11 to require that for such automatic transfer payment from the
12 policyholder, all policy payments must be made in this manner.
13 Provides a new exception to both the minimum down payment
14 requirements and the requirement that a motor vehicle
15 insurance policy be non-cancelable by the insurer during the
16 first 60 days, if all policy payments are paid by payroll
17 deduction or electronic funds transfer from an agent or
18 managing agent, and if the policy includes, at a minimum,
19 personal injury protection, property damage and bodily injury
20 liability coverage, of at least \$10,000 per person and \$20,000
21 per accident.
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