

By Senator Latvala

19-1345A-01

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.7295, F.S.; providing an additional
4 exception to a requirement that a minimum of 2
5 months' premium be collected to issue a policy
6 or binder for motor vehicle insurance; amending
7 s. 627.902, F.S.; authorizing insurers that
8 finance premiums for certain policies to charge
9 interest or a service charge at a specified
10 rate on unpaid premiums on those policies;
11 providing an effective date.

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

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

17 627.7295 Motor vehicle insurance contracts.--
18 (7) A policy of private passenger motor vehicle
19 insurance or a binder for such a policy may be initially
20 issued in this state only if the insurer or agent has
21 collected from the insured an amount equal to 2 months'
22 premium. An insurer, agent, or premium finance company may
23 not directly or indirectly take any action resulting in the
24 insured having paid from the insured's own funds an amount
25 less than the 2 months' premium required by this subsection.
26 This subsection applies without regard to whether the premium
27 is financed by a premium finance company or is paid pursuant
28 to a periodic payment plan of an insurer or an insurance
29 agent. This subsection does not apply if an insured or member
30 of the insured's family is renewing or replacing a policy or a
31 binder for such policy written by the same insurer or a member

1 of the same insurer group. This subsection does not apply to
2 an insurer that issues private passenger motor vehicle
3 coverage primarily to active duty or former military personnel
4 or their dependents. This subsection does not apply if all
5 policy payments are paid pursuant to a payroll deduction plan
6 or an automatic electronic funds transfer payment plan from
7 the policyholder, provided that the first policy payment may
8 be ~~is~~ made by cash, cashier's check, check, or a money order.
9 This subsection and subsection (4) do not apply if all policy
10 payments to an insurer are paid pursuant to an automatic
11 electronic funds transfer payment plan from an agent or a
12 managing general agent, or if the policy is issued pursuant to
13 the transfer of a book of business by an agent from one
14 insurer to another, provided that ~~and if~~ the policy includes,
15 at a minimum, personal injury protection pursuant to ss.
16 627.730-627.7405; motor vehicle property damage liability
17 pursuant to s. 627.7275; and bodily injury liability in at
18 least the amount of \$10,000 because of bodily injury to, or
19 death of, one person in any one accident and in the amount of
20 \$20,000 because of bodily injury to, or death of, two or more
21 persons in any one accident. This subsection and subsection
22 (4) do not apply if an insured has had a policy in effect for
23 at least 6 months, the insured's agent is terminated by the
24 insurer that issued the policy, and the insured obtains
25 coverage on the policy's renewal date with a new company
26 through the terminated agent.

27 Section 2. Section 627.902, Florida Statutes, is
28 amended to read:

29 627.902 Premium financing by an insurer or
30 subsidiary.--An insurer, a subsidiary of an insurer, or a
31 corporation under substantially the same management or control

1 as an authorized insurer or group of authorized insurers may
2 finance property, casualty, surety, and marine insurance
3 premiums on policies issued or business produced by such
4 insurer or insurers; however, any such insurer, subsidiary, or
5 corporation or group of insurers the total service charge per
6 year or rate of interest of which is substantially more than
7 that provided in s. 627.901 shall be subject to part XV of
8 this chapter. An insurer may charge a rate of interest or
9 service charge, paid in approximately level installments that
10 when billed do not exceed an annualized rate of 18 percent, on
11 the unpaid balance over the term of the policy.

12 Section 3. This act shall take effect July 1, 2001.

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15 SENATE SUMMARY

16 Provides an exception to a requirement that an insurer
17 must collect a minimum of two months' premium before
18 issuing a policy of motor vehicle insurance. Provides
19 that insurers and their subsidiaries that finance
20 property, casualty, surety, and marine insurance premiums
21 may charge a rate of interest or service charge not to
22 exceed 18 percent on the unpaid balance of premium over
23 the term of the policy.
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