

By the Committee on Banking and Insurance; and Senator Latvala

311-1894-02

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 627.7295, F.S.; clarifying an exception;
4 providing an additional exception to a
5 requirement that a minimum of 2 months' premium
6 be collected to issue a policy or binder for
7 motor vehicle insurance; amending s. 627.901,
8 F.S.; authorizing insurance agents and insurers
9 that finance premiums for certain policies to
10 charge interest or a service charge at a
11 specified rate on unpaid premiums on those
12 policies; providing an effective date.

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14 Be It Enacted by the Legislature of the State of Florida:
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16 Section 1. Subsection (7) of section 627.7295, Florida
17 Statutes, is amended to read:

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

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

29 Section 2. Subsection (1) of section 627.901, Florida
30 Statutes, is amended to read:

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1 627.901 Premium financing by an insurance agent or
2 agency.--

3 (1) A general lines agent may make reasonable service
4 charges for financing insurance premiums on policies issued or
5 business produced by such an agent or agency, s. 626.9541
6 notwithstanding. The service charge shall not exceed \$1 per
7 installment, or a \$6 total service charge per year, for any
8 premium balance of \$120 or less. For any premium balance
9 greater than \$120 but not more than \$220, the service charge
10 shall not exceed \$9 per year. The maximum service charge for
11 any premium balance greater than \$220 shall not exceed \$12 per
12 year. In lieu of such service charges, an insurance agent or
13 agency may charge a rate of interest not to exceed 18 percent
14 simple interest per year on the average unpaid balance as
15 billed over the term of the policy and subject to endorsement
16 changes. The interest authorized by this section may be billed
17 in equal installments.

18 Section 3. This act shall take effect July 1, 2002.

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20 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
21 COMMITTEE SUBSTITUTE FOR
22 Senate Bill 1362

23 Limits the bill's exception to the requirement that at least 2
24 months' premium be paid as a down payment for a motor vehicle
25 insurance policy to a policy issued pursuant to the transfer
of a private passenger automobile insurance book of business
by an agent from one insurer to another.

26 Revises the maximum interest rate that an agent or insurer may
27 charge when it finances the premium to specify that the
28 interest rate may not exceed 18 percent simple interest per
29 year on the average unpaid balance as billed over the term of
the policy and subject to endorsement changes, and that the
interest may be billed in equal installments.