

By the Committee on Banking and Insurance; and Senator Holzendorf

311-2309-02

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A bill to be entitled
An act relating to premium financing; amending s. 627.901, F.S.; providing for calculation of certain interest charges; authorizing billing interest in installments; amending s. 627.902, F.S.; authorizing insurers, subsidiaries, corporations, or groups of insurers to impose certain additional service charges and fees; providing an effective date.

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

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

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

(1) A general lines agent may make reasonable service charges for financing insurance premiums on policies issued or business produced by such an agent or agency, s. 626.9541 notwithstanding. The service charge shall not exceed \$1 per installment, or a \$6 total service charge per year, for any premium balance of \$120 or less. For any premium balance greater than \$120 but not more than \$220, the service charge shall not exceed \$9 per year. The maximum service charge for any premium balance greater than \$220 shall not exceed \$12 per year. In lieu of such service charges, an insurance agent or agency, at the sole discretion of such agent or agency, may charge a rate of interest not to exceed 18 percent simple interest per year on:

(a) The unpaid balance; or

1 (b) The average unpaid balance as billed over the term
2 of the policy and subject to endorsement changes. The interest
3 authorized by this paragraph may be billed in equal
4 installments.

5 Section 2. Section 627.902, Florida Statutes, is
6 amended to read:

7 627.902 Premium financing by an insurer or
8 subsidiary.--An insurer, a subsidiary of an insurer, or a
9 corporation under substantially the same management or control
10 as an authorized insurer or group of authorized insurers may
11 finance property, casualty, surety, and marine insurance
12 premiums on policies issued or business produced by such
13 insurer or insurers; however, any such insurer, subsidiary, or
14 corporation or group of insurers that charges a ~~the~~ total
15 service charge per year or rate of interest ~~of~~ which is
16 substantially more than that provided in s. 627.901 shall be
17 subject to part XV of this chapter. Notwithstanding any other
18 provision of law, an insurer, a subsidiary of an insurer, or a
19 corporation under substantially the same management or control
20 as an authorized insurer or group of authorized insurers may
21 charge one-half of the additional charge provided in s.
22 627.840, and the charges provided in s. 627.841.

23 Section 3. This act shall take effect upon becoming a
24 law.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 2214

Provides an alternative to the current method of calculating and billing interest charges when premiums are financed by an insurance agent or insurer to allow interest to be billed in equal monthly installments on the average unpaid balance.

Reduces the additional "set-up" charge that an insurer that finances a premium may charge from \$20 to \$10.

Removes the provision which would have expanded the circumstances in which an insurer could be subject to licensure as a premium finance company.