

By Representative Brown

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 book of business by an agent from one
15 insurer to another, provided that ~~and if~~ the policy includes,
16 at a minimum, personal injury protection pursuant to ss.
17 627.730-627.7405; motor vehicle property damage liability
18 pursuant to s. 627.7275; and bodily injury liability in at
19 least the amount of \$10,000 because of bodily injury to, or
20 death of, one person in any one accident and in the amount of
21 \$20,000 because of bodily injury to, or death of, two or more
22 persons in any one accident. This subsection and subsection
23 (4) do not apply if an insured has had a policy in effect for
24 at least 6 months, the insured's agent is terminated by the
25 insurer that issued the policy, and the insured obtains
26 coverage on the policy's renewal date with a new company
27 through the terminated agent.

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

30 627.901 Premium financing by an insurance agent or
31 agency.--

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

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

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19 HOUSE SUMMARY

20 Adds an additional exception to the current requirement
21 that at least a 2-month minimum down payment be paid for
22 an auto insurance policy. Specifies that an insurer or
23 agent who is financing premiums may charge service or
24 interest charges, in level monthly installments, provided
25 that the total of the charges does not exceed the amounts
26 charged under the current limit of an annual rate of 18
27 percent simple interest.
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