

By the Committee on Insurance and Representatives Brown  
and Melvin

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          bill in a certain manner; providing an  
11          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 private passenger motor vehicle insurance  
14 book of business by an agent from one insurer to another,  
15 provided that ~~and~~ if the policy includes, at a minimum,  
16 personal injury protection pursuant to ss. 627.730-627.7405;  
17 motor vehicle property damage liability pursuant to s.  
18 627.7275; and bodily injury liability in at least the amount  
19 of \$10,000 because of bodily injury to, or death of, one  
20 person in any one accident and in the amount of \$20,000  
21 because of bodily injury to, or death of, two or more persons  
22 in any one accident. This subsection and subsection (4) do not  
23 apply if an insured has had a policy in effect for at least 6  
24 months, the insured's agent is terminated by the insurer that  
25 issued the policy, and the insured obtains coverage on the  
26 policy's renewal date with a new company through the  
27 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 a rate of interest not to exceed 18 percent  
12 simple interest per year on the average unpaid balance as  
13 billed over the term of the policy and subject to endorsement  
14 changes. The interest authorized by this section may be billed  
15 in equal installments.

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