

1 private passenger motor vehicle policy that ~~which~~ provides
2 physical damage coverage, if the agent of the insurer verifies
3 the previous coverage.

4 (b) To a new, unused motor vehicle purchased from a
5 licensed motor vehicle dealer or leasing company, if the
6 insurer is provided with:

7 1. A bill of sale or buyer's order that ~~which~~ contains
8 a full description of the motor vehicle, including all options
9 and accessories; or

10 2. A copy of the title which establishes transfer of
11 ownership from the dealer or leasing company to the customer
12 and a copy of the window sticker or the dealer invoice showing
13 the itemized options and equipment and the total retail price
14 of the vehicle.

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16 For the purposes of this paragraph, the physical damage
17 coverage on the motor vehicle may not be suspended during the
18 term of the policy due to the applicant's failure to provide
19 the required documents. However, payment of a claim is
20 conditioned upon the receipt by the insurer of the required
21 documents, and no physical damage loss occurring after the
22 effective date of the coverage is payable until the documents
23 are provided to the insurer.

24 (c) To a temporary substitute motor vehicle.

25 (d) To a motor vehicle that ~~which~~ is leased for less
26 than 6 months, if the insurer receives the lease or rental
27 agreement containing a description of the leased motor
28 vehicle, including its condition. Payment of a physical
29 damage claim is conditioned upon receipt of the lease or
30 rental agreement.

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1 (e) To a vehicle that is 10 years old or older, as
2 determined by reference to the model year.

3 (f) To any renewal policy.

4 ~~(g) To a motor vehicle policy issued in a county with~~
5 ~~a 1988 estimated population of less than 500,000.~~

6 (g)(h) To any other vehicle or policy exempted by rule
7 of the commission. The commission may base a rule under this
8 paragraph only on a determination that the likelihood of a
9 fraudulent physical damage claim is remote or that the
10 inspection would cause a serious hardship to the insurer or
11 the applicant.

12 (h)(i) When the insurer's authorized inspection
13 service has no inspection facility either in the municipality
14 in which the automobile is principally garaged or within 10
15 miles of such municipality.

16 (i)(j) When the insured vehicle is insured under a
17 commercially rated policy that insures five or more vehicles.

18 (j)(k) When an insurance producer is transferring a
19 book of business from one insurer to another.

20 (k)(l) When an individual insured's coverage is being
21 transferred and initiated by a producer to a new insurer.

22 (3) This subsection does not prohibit an insurer from
23 requiring a preinsurance inspection of any motor vehicle as a
24 condition of issuance of physical damage coverage.

25 (4) The inspection required by this section shall be
26 provided by the insurer or by a person or organization
27 authorized by the insurer. The applicant may be required to
28 pay the cost of the inspection, not to exceed \$5. The
29 inspection shall be recorded on a form prescribed by the
30 commission, and the insurer shall be provided with direct and
31 timely access to the inspection and the images via the

1 Internet or the form or a copy shall be retained by the
2 insurer with its policy records for the insured. The insurer
3 shall provide a copy of the form to the insured upon request.
4 Any inspection fee paid directly by the applicant may not be
5 considered part of the premium. However, an insurer that
6 provides the inspection at no cost to the applicant may
7 include the expense of the inspection within a rate filing.

8 (5) The inspection shall include at least the
9 following:

10 ~~(a) Taking a physical imprint of the vehicle~~
11 ~~identification number of the vehicle or otherwise recording~~
12 ~~the vehicle identification number in a manner prescribed by~~
13 ~~the commission.~~

14 ~~(a)(b)~~ Recording the presence of accessories required
15 by the commission to be recorded.

16 ~~(b)(c)~~ Recording the locations of and a description of
17 existing damage to the vehicle.

18 (c) Taking two color images at oblique angles, clearly
19 showing all four sides of the vehicle and any observable prior
20 damage, and taking one color image of the Motor Vehicle Safety
21 Standard Label, which includes the vehicle identification
22 number. As used in this paragraph, the term "color image"
23 means any technology producing a clear visual image in color,
24 including, but not limited to, an instant-type photograph, a
25 photograph using the film process, a digital photograph, or
26 other digital-imaging process that may be accessed, stored,
27 and retrieved via the Internet.

28 (6) An insurer may defer an inspection for 10 business
29 ~~30 calendar~~ days following the effective date of coverage for
30 a new policy, but not for a renewal policy, and for additional
31 or replacement vehicles to an existing policy, if an

1 inspection at the time of the request for coverage would
2 create a serious inconvenience for the applicant and such
3 hardship is documented in the insured's policy record.

4 (7)(a) The physical damage coverage, including
5 collision and comprehensive coverage, for which preinspection
6 is required under this section shall be suspended if the
7 preinsurance inspection is not completed within 10 business
8 days after the effective date of the coverage. Suspension of
9 coverage applies to all insureds, owners, and lienholders.

10 (b) If physical damage coverage, including collision
11 and comprehensive coverage, is suspended, the insurer shall:

12 1. No later than the 30th calendar day after the
13 effective date of suspension, mail a notice of suspension of
14 physical damage coverage to the insured, the producer of
15 record, and any lienholder of record;

16 2. Obtain a certificate of mailing or other evidence
17 of mailing the notice of suspension of physical damage
18 coverage to the insured and retain the certificate and copy of
19 the notice with the insurer's policy records for the insured;
20 and

21 3. Make a pro rata adjustment to the premium in the
22 form of a premium refund or credit if the physical damage
23 coverage is suspended for more than 10 days. A refund of
24 premium, if applicable, shall be sent to the insured within 45
25 days after the effective date of the suspension.

26 (c) A reinstatement of physical damage coverage is
27 effective only upon inspection and payment by the insured to
28 the insurer of the adjusted premium for the physical damage
29 coverage in full or in accordance with the insurer's normal
30 payment plan. Such reinstatement is effective at the time of
31 inspection.

1 ~~(8)(7)~~ The commission may, by rule, establish such
2 procedures and notice requirements that it finds necessary to
3 administer ~~implement~~ this section.

4 Section 2. This act shall take effect October 1, 2006.

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SENATE SUMMARY

Deletes a provision exempting policies issued in certain counties from the requirement that a private passenger motor vehicle undergo a preinsurance inspection. Deletes a requirement that a physical imprint or other record be made of the vehicle identification number. Requires that a preinsurance inspection include certain color images of the vehicle. Requires that physical damage coverage be suspended if the preinsurance inspection is not completed within 10 business days. Requires an adjustment in the premium upon suspension of physical damage coverage.