

Bill No. SB 420

Barcode 435394

CHAMBER ACTION

Senate

House

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The Committee on Banking and Insurance (Baker) recommended the following amendment:

Senate Amendment (with title amendment)

Delete everything after the enacting clause

and insert:

Section 1. Section 627.744, Florida Statutes, is amended to read:

627.744 Voluntary ~~Required~~ preinsurance inspection of private passenger motor vehicles.--

(1) A private passenger motor vehicle insurance company may require a preinsurance inspection of any motor vehicle to be covered by the company as part of the company's fraud prevention program and as a condition of issuance of ~~policy providing physical damage coverage for the motor vehicle, including collision or comprehensive coverage, may not be issued in this state unless the insurer has inspected the motor vehicle in accordance with this section.~~

~~(2) This section does not apply:~~

~~(a) To a policy for a policyholder who has been~~

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1 ~~insured for 2 years or longer, without interruption, under a~~
2 ~~private passenger motor vehicle policy which provides physical~~
3 ~~damage coverage, if the agent of the insurer verifies the~~
4 ~~previous coverage.~~

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

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

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

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

25 ~~(c) To a temporary substitute motor vehicle.~~

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

31 ~~(e) To a vehicle that is 10 years old or older, as~~

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1 ~~determined by reference to the model year.~~

2 ~~(f) To any renewal policy.~~

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

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

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

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

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

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

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

24 ~~(2)(4)~~ The inspection allowed ~~required~~ by this section
25 shall be provided by the insurer or by a person or
26 organization authorized by the insurer. The applicant may be
27 required to pay the cost of the inspection, not to exceed \$5.
28 The inspection shall be recorded on a form prescribed by the
29 commission, and the insurer shall be provided with direct and
30 timely access to the complete inspection report via the
31 Internet or the form or a copy shall be retained by the

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

7 ~~(3)(5)~~ The inspection shall include at least the
 8 following:

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

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

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

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

27 (4) No expense for preinsurance inspections of motor
 28 vehicles may be included in any rate filing by an insurer
 29 after the effective date of this act. Each insurer that
 30 included the expense for preinsurance inspections of private
 31 passenger motor vehicles in rate filings for physical damage

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1 coverage, including collision or comprehensive coverage, filed
2 with the office before July 1, 2006, shall make a new rate
3 filing with the office, on or before October 1, 2006, which
4 shall:

5 (a) Identify the expense attributable to preinsurance
6 inspections in prior rate filings;

7 (b) Eliminate such expense; and

8 (c) Reduce the premiums for physical damage coverage
9 accordingly in policies issued after October 1, 2006.

10

11 This subsection does not apply to an insurer that notifies the
12 office, on or before October 1, 2006, that it will uniformly
13 conduct preinsurance inspections of motor vehicles as a
14 condition of issuance of a policy providing physical damage
15 coverage, including collision and comprehensive coverage, in
16 this state, that such inspections will comply with subsection
17 (3), and that the insurer may include the inspection expense
18 in future rate filings.

19 ~~(6) An insurer may defer an inspection for 30 calendar~~
20 ~~days following the effective date of coverage for a new~~
21 ~~policy, but not for a renewal policy, and for additional or~~
22 ~~replacement vehicles to an existing policy, if an inspection~~
23 ~~at the time of the request for coverage would create a serious~~
24 ~~inconvenience for the applicant and such hardship is~~
25 ~~documented in the insured's policy record.~~

26 (5)(7) The commission may, by rule, establish such
27 procedures and notice requirements that it finds necessary to
28 implement this section.

29 Section 2. This act shall take effect upon becoming a
30 law.

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1 ===== T I T L E A M E N D M E N T =====

2 And the title is amended as follows:

3 Delete everything before the enacting clause

4

5 and insert:

6 A bill to be entitled

7 An act relating to preinsurance inspection of
8 private passenger motor vehicles; amending s.
9 627.744, F.S.; providing for a voluntary
10 preinsurance inspection of certain motor
11 vehicles by an insurer; authorizing private
12 passenger motor vehicle insurance companies to
13 require a preinsurance inspection of a motor
14 vehicle as a condition of issuing physical
15 damage coverage; requiring insurers to reduce
16 premiums in an amount equal to the expense
17 previously included in their rates for the
18 inspections; providing that insurers that
19 continue to conduct inspections that comply
20 with this section may continue to include the
21 expense in their rates; deleting provisions
22 relating to required inspections; providing an
23 effective date.

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