

Committee on Banking and Insurance

CS/CS/HB 659 — Automobile Insurance

by Regulatory Affairs Committee; Insurance and Banking Subcommittee; and Rep. Santiago (CS/CS/CS/SB 1036 by Rules Committee; Commerce and Tourism Committee; Banking and Insurance Committee; and Senator Brandes)

The bill makes the following changes relating to automobile insurance:

Use of a Single ZIP-Code as a Rating Territory

The bill allows motor vehicle insurance rates to be developed using rating territories contained within a single zip code if the justification for the rate incorporates sufficient loss and loss adjustment expense experience to be actuarially sound. The Office of Insurance Regulation (OIR) must require that a rate filing resulting from the use of a single zip code as a rating territory does not contain a rate or rate change that is excessive, inadequate, or unfairly discriminatory.

Florida Automobile Joint Underwriting Association

The bill allows the Florida Automobile Joint Underwriting Association (Auto JUA) to cancel personal lines or commercial lines policies issued by the plan for nonpayment of premium if a check is dishonored for any reason or any other form of payment is rejected or deemed invalid. The cancellation may only occur within the first 60 days of the policy or binder. The bill prohibits an insured of the Auto JUA from cancelling a policy or binder within the first 90 days of its effective date unless the insured vehicle is totally destroyed, ownership of the vehicle is transferred, or another policy is purchased covering the vehicle.

Payment of Premium and Return of Unearned Premium

The bill allows motor vehicle insureds to apply the unearned portion of premium to unpaid balances of other policies with the same insurer or insurer group instead of receiving the premium via mail or electronic transfer. The bill specifies that motor vehicle insurance premiums may be paid in cash in the form of a draft or drafts. The bill allows an insurer to impose an insufficient funds fee of up to \$15 per occurrence if, due to insufficient funds, specified methods of premium payments are declined. The bill also exempts policies paid via a recurring credit card or debit card agreement with the insurer from the requirement that, prior to issuing or binding a motor vehicle insurance policy, the insured must pay at least 2 months' premium.

Personal Injury Protection (PIP)

The bill exempts publicly traded corporations with \$250 million or more in total annual sales in health care services from the requirement to obtain health care clinic licensure as a condition of qualifying for reimbursement under PIP coverage. The bill also clarifies and updates references to billing requirements under PIP.

If approved by the Governor, these provisions take effect July 1, 2016.

Vote: Senate 34-5; House 111-5