

HOUSE MESSAGE SUMMARY

BILL: CS/SB 106 [S0106.HMS]
SPONSOR: Banking and Insurance Committee and Senator Mitchell
SUBJECT: Insurance/Countersignature Law
PREPARED BY: Senate Committee on Banking and Insurance
DATE: April 18, 2000

I. Amendments Contained in Message

House Amendment 1 -- 523805 (body with title)

II. Summary of Amendments Contained in Message

The amendment makes three changes to the CS/SB 106, as follows:

(1) CS/SB 106 amends s. 624.426, F.S., to provide an exception to the current requirement that any policy of property, casualty, or surety insurance covering a subject of insurance located or to be performed in Florida, must be countersigned by a licensed agent who is a Florida resident. The bill provides an exception for policies issued by insurers *whose agents represent only one company* or group of companies under common ownership and for which a Florida resident agent is the agent of record and the application has been lawfully submitted to the insurer. The amendment expands this exception to policies of insurance issued by insurers *whose agents represent, as to property casualty, and surety insurance, only one company* or group of companies under common ownership and for which a Florida resident agent is the agent of record and the application has been lawfully submitted to the insurer. Therefore, the exception would be expanded to apply to an insurer whose agents represent a different insurer that is not a property, casualty, or surety insurer, such as a life or health insurer.

(2) The amendment amends s. 626.9541(1)(g), F.S., to revise the criteria under which property and casualty insurance may sold through the use of a credit card. The current law has a general prohibition against any person soliciting any insurance, accepting any applications for insurance, or receiving any premiums for insurance relative to a subject of insurance resident, located, or to be performed in Florida through a credit card facility or organization, for the purpose of insuring credit card holders. However, the current law also has certain exceptions. One exception is that this prohibition does not apply as to health insurance or to credit life, credit disability, or credit property insurance. Another exception is that such insurance may sold through a credit facility if: (a) the insurance is noncancelable by any person other than the named insured, the policyholder, or the insurer; (b) any refund or unearned premium is made directly to the credit card holder; and (c) the credit card transaction is authorized *by the signature* of the credit card holder or other person authorized to sign on the credit card account.

The amendment provides that the condition specified in (c), above, does not apply to property and casualty insurance so long as the transaction is authorized by the insurer. This would allow for

verbal authorization (over the telephone, for example) rather than written authorization as currently required.

(3) The amendment amends s. 627.7295, F.S., to provide an exception to the requirement of making a down payment equal to at least 2 months' premium for motor vehicle insurance. That exception would apply if an insured or family member has previously purchased and has in effect a policy of private passenger motor vehicle insurance, and purchases either additional coverage or adds coverage for an additional vehicle, with such coverage written by the same insurer or a member of the same insurer group. (This is identical to a provision contained in CS/SB 2158 as passed by the Senate on April 18, 2000).

Additional background on current law: Section 627.7295, F.S., provides that an applicant for a new private passenger motor vehicle insurance policy is required to make a down payment equal to at least 2 months' premium on the policy. This section also prohibits the insurer from canceling a policy for non-payment of premium during the first 60 days after the effective date of the policy, with certain exceptions. These provisions are intended to help enforce mandatory insurance requirements, by preventing persons from binding coverage merely to show proof of insurance at the time of registration of a vehicle. The requirement of advance payment has several exceptions, some of which include when a policyholder's insurance is renewed, when replacement insurance is obtained, when the policyholder is on active duty in the military, or when premiums are paid through a payroll deduction plan or through an automatic electronic funds transfer plan. At least some insurers issue a new policy of insurance if there is a substantial change in coverage, risk or premium. For example, if a policyholder or family member purchases an additional vehicle or additional coverage, the policyholder must make a down payment of at least 2 months' premium on the policy because those changes necessitate a new policy of insurance.