



**Informational Memorandum**  
**OIR-03-014M**  
**Issued**  
**September 2, 2003**  
**Florida Office of Insurance Regulation**  
**Kevin McCarty**  
**Director**

**NOTICE OF NEW LEGISLATION**

**(Intended for Property and Casualty Insurers)**

*This notice presents a summary of certain legislative changes enacted in the 2003 Regular Session and Special Session A of the Florida Legislature. This notice is not intended to be a comprehensive analysis of all bills that may be of interest or importance to your company. Some legislation may require action on the part of companies or licensees to ensure compliance. You are encouraged to review specific bills, found by legislative bill number, at <http://www.leq.state.fl.us>*

**HB 513**

**Insurance Claims and Premium Payments**

Effective Date: July 11, 2003

This bill makes various changes to the laws relating to insurance, as follows:

- Amends s. 627.4035, F.S., to permit the payment of insurance premiums via debit card, credit card, automatic electronic funds transfer, or payroll deduction plan.
- Amends s. 627.901, F.S., to allow general lines agents to charge a service charge of \$3 per installment, [if an annual or semi-annual premium is paid monthly or in installments] with a maximum annualized service charge of \$36. This is an alternative to current law which allows a rate of interest not exceeding 18 percent simple interest per year on the unpaid balance
- Amends s. 626.9541(1)(x), F.S., to prohibit insurers from refusing to insure any individual or risk solely because of the fact that the insured or applicant is a public official.

**SB 1098****The Rights of the Members of the United States Armed Forces**

Effective Date: July 1, 2003

The bill modifies 627.7283, F.S., to require insurance companies to refund the entire unearned portion of a premium upon cancellation of motor vehicle insurance by a servicemember when the servicemember is required to move pursuant to military orders.

**SB 2278****Motor Vehicle Service Agreement**

Effective Date: June 12, 2003

The bill amends ss. 634.011, 634.041, and 634.121, F.S., relating to motor vehicle service agreements to revise the requirements for coverage of "vehicle protection expenses," including allowance for benefits that are payable in the form of a pre-established flat amount of \$5,000 or less. The bill specifies that motor vehicle service agreements paying a flat amount of \$5,000 or less do not violate the prohibition against duplicating benefits payable under a comprehensive motor vehicle insurance policy. If a motor vehicle service agreement provides vehicle protection expenses of a flat amount, the agreement must clearly state the amount. All such vehicle service agreement contracts must be filed for approval with the Office, pursuant to 634.121, F.S. The bill also requires a company offering vehicle protection expense coverage to maintain contractual liability insurance covering 100 percent of its vehicle protection claim exposure. Additionally, the bill allows a company that maintains an unearned premium reserve on all of its current service agreements to offer vehicle protection expense coverage if it maintains contractual liability insurance on any future service agreements providing such coverage. The company must continue to maintain the 50 percent reserve for all other types of service agreements.

**CS/SB 2364****Insurance**

Effective Date: June 26, 2003

- Amends s. 627.7295, F.S., by increasing the per-policy fee cap from \$10 to \$20 that a general lines agent may charge on motor vehicle policies, and allows the fee to be applied to all motor vehicle policies, not just policies limited to the minimum mandatory coverage of Personal Injury Protection and property damage liability.
- Amends s. 627.4035, F.S., to permit the payment of insurance premiums via debit card, credit card, automatic electronic funds transfer, or payroll deduction plan. (See HB513)
- Amends s. 627.901, F.S., to allow insurers and general lines agents to charge a service charge of \$3 per installment, if an annual or semi-annual premium is paid monthly or in installments, with a maximum annualized service charge of \$36. This is an alternative to current law which allows a rate of interest not exceeding 18 percent simple interest per year on the unpaid balance. (See HB513)

- Amends s. 626.9541(1)(x), F.S., to prohibit insurers from refusing to insure any individual or risk solely because of the fact that the insured or applicant is a public official.

## **SB 40A & SB 42A**

### **Use of Credit Reports and Credit Scores by Insurers**

Effective Date: January 1, 2004

This bill creates new provisions regulating and limiting the use of credit reports and credit scores by insurers for underwriting and rating personal lines motor vehicle insurance and personal lines residential insurance. The bill:

- Requires that a rate filing that uses credit reports or credit scores must comply with the requirements of s. 627.062, F.S., or s. 627.0651, F.S., to ensure that rates are not excessive, inadequate, or unfairly discriminatory;
- Requires insurers that use credit reports or credit scoring to establish and adhere to written procedures relating to restrictions set forth in the federal Fair Credit Reporting Act;
- Requires insurers that use credit reports or credit scoring to establish procedures to review the credit history of certain insureds at least once every two years or upon the request of the insured, whichever is sooner; or in the alternative, requires an insurer that uses credit information at the inception of the policy, to re-evaluate that insured within three years after inception, excluding consideration of credit information;
- Prohibits an insurer from requesting a credit report or score based upon an insured's race, color, religion, marital status, age, gender, income, national origin or place of residence;
- Prohibits an insurer from making an adverse decision based solely on information contained in a credit report or score;
- With limited exception, prohibits an insurer from making an adverse decision if such decision is based, in whole or in part, on the absence of, or an insufficient credit history;
- Prohibits an insurer from making an adverse decision based, in whole or in part, on place of residence or collection accounts with a medical industry code and
- Limits an insurer's use of the number of inquiries in a person's credit history.
- **SB 42A** provides for a public records exemption for credit scoring methodologies and related data and information if they are trade secrets as defined in s. 688.002, F.S.

If you have any questions regarding this bulletin, please contact Shirley Kerns, Chief, Bureau of Property and Casualty Forms and Rates, Florida Office of Insurance Regulation at kernss@dfs.state.fl.us or (850) 413-5310.