

## House Bill No. 295

An act relating to automobile insurance; amending s. 627.739, F.S.; allowing insureds to elect multiple personal injury protection policy limitations; deleting requirement that insurers offer certain limitations; allowing insureds to receive appropriate premium reductions; requiring notice; creating s. 627.7277, F.S.; requiring insurers to give the policyholders notice of the renewal premium; providing for continuation of policy coverage at existing rates if the insurer fails to comply; amending s. 627.7295, F.S.; providing inapplicability of the section in specified circumstances; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 627.739, Florida Statutes, is amended to read:

627.739 Personal injury protection; optional limitations; deductibles.—

(1) The named insured may elect a deductible or modified coverage or combination thereof to apply to the named insured alone or to the named insured and dependent relatives residing in the same household, but may not elect a deductible or modified coverage to apply to any other person covered under the policy. Any person electing a deductible or modified coverage, or a combination thereof, or subject to such deductible or modified coverage as a result of the named insured's election, shall have no right to claim or to recover any amount so deducted from any owner, registrant, operator, or occupant of a vehicle or any person or organization legally responsible for any such person's acts or omissions who is made exempt from tort liability by ss. 627.730-627.7405.

(2) Insurers shall offer to each applicant and to each policyholder, upon the renewal of an existing policy, deductibles, in amounts of \$250, \$500, \$1,000, and \$2,000, such amount to be deducted from the benefits otherwise due each person subject to the deduction. However, this subsection shall not be applied to reduce the amount of any benefits received in accordance with s. 627.736(1)(c).

~~(3) Insurers shall offer coverage wherein, at the election of the named insured, all benefits payable under 42 U.S.C. s. 1395, the federal "Medicare" program, or to active or retired military personnel and their dependent relatives shall be deducted from those benefits otherwise payable pursuant to s. 627.736(1).~~

~~(3)(4)~~ Insurers shall offer coverage wherein, at the election of the named insured, the benefits for loss of gross income and loss of earning capacity described in s. 627.736(1)(b) shall be excluded.

(4) The named insured shall not be prevented from electing a deductible under subsection (2) and modified coverage under subsection (3). Each election made by the named insured under this section shall result in an appropriate reduction of premium associated with that election.

(5) All such offers shall be made in clear and unambiguous language at the time the initial application is taken and prior to each annual renewal and shall indicate that a premium reduction will result from each election. At the option of the insurer, the requirements of the preceding sentence are met by using forms of notice approved by the department, or by providing the following notice in 10-point type in the insurer's application for initial issuance of a policy of motor vehicle insurance and the insurer's annual notice of renewal premium:

"For personal injury protection insurance, the named insured may elect a deductible and to exclude coverage for loss of gross income and loss of earning capacity ("lost wages"). These elections apply to the named insured alone, or to the named insured and all dependent resident relatives. A premium reduction will result from these elections. The named insured is hereby advised not to elect the lost wage exclusion if the named insured or dependent resident relatives are employed, since lost wages will not be payable in the event of an accident."

Section 2. Section 627.7277, Florida Statutes, is created to read:

627.7277 Notice of renewal premium.—

(1) As used in this section, the terms "policy" and "renewal" have the meaning ascribed in s. 627.728.

(2) An insurer shall mail or deliver to its policyholder at least 30 days' advance written notice of the renewal premium for the policy.

(3) If the insurer fails to provide the 30 days' notice of a renewal premium that results in a premium increase, the coverage under the policy remains in effect at the existing rates until 30 days after the notice is given or until the effective date of replacement coverage obtained by the insured, whichever occurs first.

Section 3. Subsection (7) of section 627.7295, Florida Statutes, 1998 Supplement, is amended to read:

627.7295 Motor vehicle insurance contracts.—

(7) A policy of private passenger motor vehicle insurance or a binder for such a policy may be initially issued in this state only if the insurer or agent has collected from the insured an amount equal to 2 months' premium. An insurer, agent, or premium finance company may not directly or indirectly take any action resulting in the insured having paid from the insured's own funds an amount less than the 2 months' premium required by this subsection. This subsection applies without regard to whether the premium is financed by a premium finance company or is paid pursuant to a periodic payment plan of an insurer or an insurance agent. This subsection does not apply if an insured or member of the insured's family is renewing or replacing a policy or a binder for such policy written by the same insurer or a member of the same insurer group. This subsection does not apply to an insurer that issues private passenger motor vehicle coverage primarily to active duty or former military personnel or their dependents. This subsection does not apply if all the policy payments are is paid pursuant to a

payroll deduction plan or an automatic electronic funds transfer payment plan from the policyholder, provided that the first policy payment is made by cash, cashier's check, check, or a money order. This subsection and subsection (4) do not apply if all policy payment to an insurer are paid pursuant to an automatic electronic funds transfer payment plan from an agent or a managing general agent and if the policy includes, at a minimum, personal injury protection pursuant to ss. 627.730-627.7405; motor vehicle property damage liability pursuant to s. 627.7275; and bodily injury liability in at least the amount of \$10,000 because of bodily injury to, or death of, one person in any one accident and in the amount of \$20,000 because of bodily injury to, or death of, two or more persons in any one accident. This subsection and subsection (4) do not apply if an insured has had a policy in effect for at least 6 months, the insured's agent is terminated by the insurer that issued the policy, and the insured obtains coverage on the policy's renewal date with a new company through the terminated agent.

Section 4. This act shall take effect July 1, 1999, except that sections 1 and 2 shall apply to policies issued or renewed on or after July 1, 2000.

Approved by the Governor June 18, 1999.

Filed in Office Secretary of State June 18, 1999.