

**Senate Bill sb1294**

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

**Florida Senate - 2006**

**SB 1294**

**By** Senator Fasano

11-962-06

1                                   A bill to be entitled  
2           An act relating to motor vehicle insurance;  
3           amending s. 627.744, F.S.; deleting a provision  
4           that exempts policies issued in certain  
5           counties from the requirement that a private  
6           passenger vehicle undergo a preinsurance  
7           inspection; deleting a requirement that a  
8           physical imprint or other record be made of the  
9           vehicle identification number; requiring that a  
10          preinsurance inspection include certain color  
11          images of the vehicle; providing for suspension  
12          of physical damage coverage if the preinsurance  
13          inspection is not completed within a specified  
14          period; requiring notice and an adjustment in  
15          the premium upon suspension of physical damage  
16          coverage; providing an effective date.

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

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

22           627.744 Required preinsurance inspection of private  
23 passenger motor vehicles.--

24           (1) A private passenger motor vehicle insurance policy  
25 providing physical damage coverage, including collision or  
26 comprehensive coverage, may not be issued in this state unless  
27 the insurer has inspected the motor vehicle in accordance with  
28 this section.

29           (2) This section does not apply:

30           (a) To a policy for a policyholder who has been  
31 insured for 2 years or longer, without interruption, under a

1 private passenger motor vehicle policy that which provides  
2 physical damage coverage, if the agent of the insurer verifies  
3 the previous coverage.

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

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

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

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

24 (c) To a temporary substitute motor vehicle.

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

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1 (e) To a vehicle that is 10 years old or older, as  
2 determined by reference to the model year.

3 (f) To any renewal policy.

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

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

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

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

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

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

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

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

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

8 (5) The inspection shall include at least the  
9 following:

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

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

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

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

28 (6) An insurer may defer an inspection for 10 business  
29 30 calendar days following the effective date of coverage for  
30 a new policy, but not for a renewal policy, and for additional  
31 or replacement vehicles to an existing policy, if an

1 inspection at the time of the request for coverage would  
2 create a serious inconvenience for the applicant and such  
3 hardship is documented in the insured's policy record.

4 (7) (a) The physical damage coverage, including  
5 collision and comprehensive coverage, for which preinspection  
6 is required under this section shall be suspended if the  
7 preinsurance inspection is not completed within 10 business  
8 days after the effective date of the coverage. Suspension of  
9 coverage applies to all insureds, owners, and lienholders.

10 (b) If physical damage coverage, including collision  
11 and comprehensive coverage, is suspended, the insurer shall:

12 1. No later than the 30th calendar day after the  
13 effective date of suspension, mail a notice of suspension of  
14 physical damage coverage to the insured, the producer of  
15 record, and any lienholder of record;

16 2. Obtain a certificate of mailing or other evidence  
17 of mailing the notice of suspension of physical damage  
18 coverage to the insured and retain the certificate and copy of  
19 the notice with the insurer's policy records for the insured;  
20 and

21 3. Make a pro rata adjustment to the premium in the  
22 form of a premium refund or credit if the physical damage  
23 coverage is suspended for more than 10 days. A refund of  
24 premium, if applicable, shall be sent to the insured within 45  
25 days after the effective date of the suspension.

26 (c) A reinstatement of physical damage coverage is  
27 effective only upon inspection and payment by the insured to  
28 the insurer of the adjusted premium for the physical damage  
29 coverage in full or in accordance with the insurer's normal  
30 payment plan. Such reinstatement is effective at the time of  
31 inspection.

1           (8) (7) The commission may, by rule, establish such  
2 procedures and notice requirements that it finds necessary to  
3 administer implement this section.

4           Section 2. This act shall take effect October 1, 2006.

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SENATE SUMMARY

8       Deletes a provision exempting policies issued in certain  
9       counties from the requirement that a private passenger  
10       motor vehicle undergo a preinsurance inspection. Deletes  
11       a requirement that a physical imprint or other record be  
12       made of the vehicle identification number. Requires that  
13       a preinsurance inspection include certain color images of  
14       the vehicle. Requires that physical damage coverage be  
15       suspended if the preinsurance inspection is not completed  
16       within 10 business days. Requires an adjustment in the  
17       premium upon suspension of physical damage coverage.

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