

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 570
SPONSOR: Judiciary Committee and Senator Fasano
SUBJECT: Termination of Rental Agreements/Armed Forces Personnel
DATE: March 10, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vickers</u>	<u>Krasovsky</u>	<u>MS</u>	<u>Fav/1 amendment</u>
2.	<u>Greenbaum</u>	<u>Roberts</u>	<u>JU</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides that an insurer is to refund 100 percent of the unearned premium for motor vehicle insurance to a member of the United States Armed Forces who cancels because he or she is activated or transferred to a location where the insurance is not required.

This bill substantially amends section 627.7283, Florida Statutes.

II. Present Situation:

Section 627.7283, Florida Statutes, provides that if an insured cancels a motor vehicle insurance policy, the insurer may retain up to 10 percent of the unearned premium and must refund at least 90 percent of the unearned premium. If the insurer cancels, then it must refund 100 percent of the unearned premium. Any cancellation done is without prejudice to any claim originating prior to the effective date of the cancellation. The amount of unearned premium must be rebated on pro rata basis.

The Department of Military Affairs indicates that a number of reservists that have been called up to active duty have inquired as to canceling motor vehicle insurance for the period these reservists are on active duty with the United States Armed Forces. The department indicates that it advises these reservists of the requirements of s. 627.7283, Florida Statutes.

III. Effect of Proposed Changes:

This bill amends s. 627.7283, Florida Statutes, to provide that 100 percent of the unearned premium on a motor vehicle insurance policy of a member of the Armed Forces of the United States is to be refunded when that Armed Forces member cancels the policy because he or she is called to active duty or is transferred to a location where the insurance is not required. This bill

authorizes the insurer to require, as documentation of the need to cancel and receive the full unearned insurance premium, the Armed Forces member to provide a copy of the official military orders or written verification from that member's commanding officer.

If the insurer cancels, it must refund 100 percent of the unearned premium. Additionally, cancellation is done without prejudice to any claim originating prior to the effective date of the cancellation. The amount of unearned premium must be rebated on pro rata basis.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill would provide members of the United States Armed Forces the full measure of relief when canceling a motor vehicle insurance policy in the event those members are required to move physical location or move to active duty as a result of military orders.

The bill could have a potentially adverse fiscal impact on motor vehicle insurers. However, the fiscal impact of the bill on insurers is unknown. It is not known how many insured Armed Forces members have cancelled motor vehicle insurance as a result of transfer or promotion to active duty, when they cancelled, and what unearned premium remained for each policy cancelled.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
