

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 805 Vehicle Insurance/Law Enforcement
SPONSOR(S): Dean
TIED BILLS: none **IDEN./SIM. BILLS:** CS/SB 1934 (s)

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>State Administration</u>	_____	<u>Bond</u>	<u>Everhart</u>
2) <u>Commerce & Local Affairs Approp. (Sub)</u>	_____	_____	_____
3) <u>Appropriations</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The state purchases vehicles for use by law enforcement officers in their official patrol and pursuit duties. While on duty, the state assumes all liability regarding such vehicles, and the law enforcement officer is not liable for any damage to such vehicle that occurs while acting in the scope of employment. Those law enforcement officers are, however, liable for damages during their incidental use of such vehicles where such operation is not a part of their official duties. The most common such use is travel during an authorized meal period. This bill requires the state to purchase automobile insurance covering law enforcement officers operating state vehicles for authorized travel that is not part of the officer's official duties.

Many law enforcement officers work in authorized off-duty positions where they are required to wear a uniform and utilize their assigned state-owned vehicle. Current policies require such employees to reimburse the state for the reasonable value of such use of the vehicle. This bill requires the state to further assess such officers an insurance premium to cover those vehicles.

As written, the fiscal impact of this bill is unclear. Should the bill be amended to follow the sponsor's intent, this bill represents a nonrecurring expenditure in FY 2004-2005 of \$9,200, and a recurring expenditure of \$660,000 (2.0 FTE's), commencing in FY 2004-2005. This bill does not appear to have a fiscal impact on local governments.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0805.sa.doc
DATE: March 11, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

This bill will increase the duties and responsibilities of the Division of Risk Management, and may partially assume an insurance program currently in the private sector.

B. EFFECT OF PROPOSED CHANGES:

Background

The State Risk Management Trust Fund (Risk Management Program), administered by the Division of Risk Management of the Department of Financial Services, is required to provide liability coverage for state employees who operate state-owned vehicles.¹ This liability coverage is provided for an employee when the vehicle is used for “official state business” or “in the course and scope of employment.”

The state currently owns 4,625 law enforcement vehicles.² Law enforcement officers are not considered to be using a vehicle for official state business or in the course and scope of employment when the officer is on a meal break, even though the employer requires that the officer stay in possession of the vehicle. Thus, such officers are personally liable for accidents that occur during a break period.

Many law enforcement officers engage in some form of supplemental employment, such as off-duty and secondary employment. Officers may be authorized to perform off-duty police work, the most visible example being security of DOT construction sites. Such officers perform the off-duty work in uniform, and are required to have possession of their assigned law enforcement vehicle. Those officers are required to reimburse the state for the reasonable value of the use of the state-owned vehicle, and are personally liable for loss or damage to the vehicle. Some officers are willing and able to purchase supplemental coverage from their insurance agent. Many officers, however, cannot or will not purchase such insurance.³

Effect of Bill

This bill creates an unnumbered new section of law that requires the state to provide insurance for each motor vehicle owned by the state and used by a state employee whose duties are those of a law enforcement officer. The specific form, type, and coverage is not specified, the bill simply requires “insurance for the vehicle when it is being used during the employee's normal working hours.” The insurance coverage is extended to authorized incidental use of the vehicle.

¹ Section 284.31, F.S.

² According to the Department of Management Services.

³ Presently, of the major automobile insurance carriers in the state: Allstate provides comprehensive coverage; Nationwide, State Farm, and USAA provide liability only coverage, and Progressive does not offer such coverage.

This bill also provides that, if the law enforcement officer uses the vehicle for off-duty work, the officer must reimburse the state for insurance coverage on the vehicle while it is used for the off-duty work. The Division of Risk Management is directed to adopt rules regarding such coverage. The deductible payable by an officer who is at fault in an accident is limited to \$500 per incident reimburse the state.

C. SECTION DIRECTORY:

Section 1 created an unnumbered new section of law regarding law enforcement vehicles.

Section 2 provides an effective date of July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Because the bill as written is unclear, the effect on revenues cannot be determined. See Fiscal Comments.

2. Expenditures:

Because the bill as written is unclear, the effect on expenditures cannot be determined. See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None. This bill does not affect local governments.

2. Expenditures:

None. This bill does not affect local governments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Some law enforcement officers currently purchase a supplemental rider (apx. annual cost of \$60) to their personal automobile insurance policy that covers the circumstances that would be covered by this bill. The insurance companies that write this coverage, and their agents, may be minimally harmed by the reduction in premiums (and profits) resulting from this bill.

D. FISCAL COMMENTS:

Because this bill is unclear, the fiscal cost of this bill is unclear. The sponsor has filed an amendment for consideration by the committee that addresses this concern. The following fiscal analysis, supplied the Division of Risk Management, applies to the bill should the committee adopt the amendment:

This bill (as amended) would require 2.0 FTE's and would increase recurring expenditures for the state, by \$661,017 for FY 2004-05 and \$671,551 for FY 2005-06. These costs are associated with:

- Additional liability, property damage, and workers' compensation claims.⁴
- Creating a property damage coverage program for off-duty work.

⁴ Due to expanding the definition of "official state business" to include going to and from lunch breaks or meal breaks and incidental trips which was previously considered personal use.

- Associated staffing for this program.

The Division also estimated that it would incur \$9,206 for nonrecurring expenditures in FY 2004-05 for expenses and other capital outlay associated with staffing.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

This bill is unclear. It requires the state to purchase insurance regarding state vehicles, but does not indicate what kind of insurance, nor the insurance coverage required. The sponsor has filed an amendment for consideration by the committee that addresses this concern.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

n/a