

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Military Affairs and Domestic Security Committee

BILL: SB 854

INTRODUCER: Senator Baker

SUBJECT: PIP Insurance/Armed Forces Spouses

DATE: April 17, 2007

REVISED: 04/23/07

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Pardue</u>	<u>Skelton</u>	<u>MS</u>	<u>Fav/1 amendment</u>
2.	<u> </u>	<u> </u>	<u>BI</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

Senate Bill 854 provides armed forces members and their spouses with an expanded exemption from the requirement that every owner or registrant of a motor vehicle provide for personal injury protection. The expanded exemption applies only while the servicemember is deployed and the spouse is residing outside the State of Florida

The bill may provide a savings in motor vehicle insurance premiums to armed forces personnel and their spouses.

This bill substantially amends section 627.733 of the Florida Statutes.

II. Present Situation:

Florida's Motor Vehicle No-Fault Insurance Law

In 1971, Florida became the second state in the country to adopt a no-fault automobile insurance plan.¹ The no-fault reform was offered as a viable replacement for the tort system as a means to quickly and efficiently compensate injured parties in auto accidents regardless of fault.

¹ Sections 627-730-627.7405, F.S.

Under current law, motorists are required to purchase both personal injury protection (PIP) and property damage (PD) liability coverage. The no-fault coverage, referred to as PIP, provides \$10,000 of coverage for the following: payment of 80 percent of reasonable medical expenses, 60 percent of loss of income, plus a \$5,000 death benefit, for bodily injury sustained in a motor vehicle accident, without regard to fault. Personal injury protection covers the named insured, relatives residing in the same household, persons operating the insured motor vehicle, passengers in the insured motor vehicle, and persons struck by the insured motor vehicle. This coverage also provides the policyholder with immunity from liability for economic damages (medical expenses and lost wages) to the extent not covered by PIP and for non-economic damages (pain and suffering) for most injuries.

The immunity provision protects the insured from tort actions by others (and conversely, the insured may not bring suit to recover damages) for pain, suffering, mental anguish, and inconvenience arising out of the vehicle accident, except in the following cases:

- (1) significant and permanent loss of an important bodily function;
- (2) permanent injury within a reasonable degree of medical probability, other than scarring or disfigurement;
- (3) significant and permanent scarring or disfigurement; or
- (4) death.

Protections for Military Personnel

Federal and state laws provide protection in several areas to military personnel while they are deployed on active duty. The federal Servicemembers Civil Relief Act protects the civil rights of active duty, uniformed service personnel arising from judicial proceedings and transactions conducted by or against them in their absence.² The federal Uniformed Service Employment and Reemployment Rights Act provides and preserves job security and seniority for servicemembers returning to civilian life.³

Current Florida law exempts a member of the United States Armed Forces from the requirement to provide for PIP if he or she is called to or while serving on active duty outside the United States during an emergency situation. This exemption applies only while the servicemember remains on such duty and only if the vehicle covered under the exemption is not operated by any person.⁴

III. Effect of Proposed Changes:

The bill amends s. 627.733, F.S., to provide armed forces members and their spouses with an expanded exemption from the requirement that every owner or registrant of a motor vehicle provide for PIP. This bill:

- Expands the exemption for armed forces members to include all active duty performed outside the state as well as outside the United States;

² 50 U.S.C. App. ss. 501-596.

³ 38 U.S.C.A. ss.4301-4334.

⁴ Section 627.733, F.S.

- Deletes the requirement that the qualifying active duty service be performed during an emergency situation; and
- Extends the exemption to the dependent spouse of the servicemember if he or she resides with the servicemember and the vehicle is maintained at the location at which they reside.

The bill provides for an effective date of July 1, 2007.

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:

The bill may provide a savings to qualifying servicemembers and their spouses in the form of reduced motor vehicle insurance premiums.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Other states require that vehicles operated within their jurisdictions be covered by PIP insurance. The provision in this bill that exempts the servicemember and his or her spouse from providing PIP may conflict with other jurisdictions' requirements.

Active duty servicemembers, their spouses, and dependents are routinely provided medical care at government expense and generally do not require additional medical insurance coverage. This bill, however, does not address the case of an injured vehicle passenger who is not a

servicemember's dependent. The passenger in this situation may not receive the medical coverage that would normally be provided by PIP while riding as a passenger in the servicemember's or spouse's vehicle.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

Barcode 210530 by Military Affairs and Domestic Security:

This amendment deletes language to amend s.627.733, F.S., and adds language to amend s. 324.021, F.S. The amendment provides for an exemption, for United States Armed Forces members and their dependent spouses, to the minimum liability insurance coverage requirements stated in Chapter 324, F.S. In order to qualify for the exemption, the servicemember must be serving on active duty outside the state or outside the United States and the vehicle must be primarily maintained at the place of posting. In addition, the dependent spouse must reside at the servicemember's place of posting in order to also qualify for the exemption.

The amendment provides that the exemption applies only as long as the servicemember is on active duty outside the state and that the owner must be in compliance with the security requirements of the state or any possession or territory of the United States where the member is posted. (WITH TITLE AMENDMENT)