

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1493

Motor Vehicle and Casualty Insurance Contracts

SPONSOR(S): Vana and others

TIED BILLS:

IDEN./SIM. BILLS: SB 2338

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Insurance</u>	_____	<u>Reilly/Topp</u>	<u>Overton</u>
2) <u>Jobs & Entrepreneurship Council</u>	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

HB 1493 requires insurers that intend to condition the renewal of a motor vehicle insurance policy on a change of limits, elimination of coverage, or an increase in premium to provide the named insured and his/her insurance agent with written notice at least 45 days prior to the renewal date. The notice must be mailed or delivered to the named insured at the address listed on the policy and to the insurance agent's business address and must include specific reasons for the conditional renewal or the increase in premium.

The notice requirement established by the bill does not apply if the insured or his/her authorized agent has mailed or delivered written notice to the insurer that the insured intends to cancel or not renew the policy, or that the insured has replaced the policy.

The bill is effective July 1, 2008.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Under Florida law, an insurer that intends to cancel a motor vehicle insurance policy must mail or deliver to the insured and the insured's agent notice of cancellation at least 45 days prior to the effective date of the cancellation, unless the cancellation is for nonpayment of premium.¹ Similarly, an insurer that intends not to renew a motor vehicle insurance policy at the end of its normal expiration date must provide the insured and his/her insurance agent with at least 45 days advance notice of its intention.²

HB 1493 requires insurers that intend to condition the renewal of a motor vehicle insurance policy upon a change of limits, elimination of any coverages, or an increased premium to mail or deliver written notice to the named insured and his/her insurance agent at least 45 days prior to the policy's renewal date. The notice must be mailed or delivered to the named insured at the address listed on the policy and to the insurance agent's business address and must include specific reasons for the conditional renewal or increase in premium. Such notice is intended to provide policy holders with an opportunity to comparatively shop for coverage from other insurers before their current policy expires.

Insurers are not required to provide notice of conditional renewal if the insured or his/her authorized agent has mailed or delivered written notice to the insurer that the insured intends to cancel or not renew the policy, or that the insured has replaced the policy.

B. SECTION DIRECTORY:

Section 1: Amends 627.728, F.S., to require insurers to provide notice of conditional renewal for motor vehicle insurance policies.

Section 2: Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

¹ Section 627.728(3)(a).

² Section 627.728(4)(a).

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Insurers will incur costs in providing written notice of conditional renewals to motor vehicle policy holders. The extent of the cost per insurer will depend on the number of policies to be renewed on such basis.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision does not apply because this bill does not: require counties or municipalities to spend funds or to take an action requiring the expenditure of funds; reduce the authority that municipalities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES