

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 765 Motor Vehicle Insurance
SPONSOR(S): Transportation & Infrastructure Subcommittee, Santiago
TIED BILLS: **IDEN./SIM. BILLS:** SB 1232

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee	14 Y, 0 N, As CS	Johnson	Vickers
2) Transportation & Tourism Appropriations Subcommittee			
3) State Affairs Committee			

SUMMARY ANALYSIS

Florida law requires titles to salvage motor vehicles to be forwarded to the Department of Highway Safety and Motor Vehicles (DHSMV) for processing. The bill requires the title to be forwarded by electronic means or using the United States Postal Service. The bill also authorizes electronic signatures on salvage titles.

The bill requires DHSMV to, by July 1, 2022, create the motor vehicle insurance online verification system to allow for the expedited verification of automobile insurance coverage. The system will provide authorized persons access via the Internet to insurers' records indicating the insurance status of any motor vehicle registered in this state. Law enforcement officers must access the information during a traffic stop or crash investigation and insurers must cooperate with DHSMV in establishing and maintaining the system. DHSMV is directed to conduct a pilot program to test the system prior to putting it into statewide use. The bill creates a Motor Vehicle Insurance Online Verification Task Force to facilitate the implementation of the motor vehicle insurance online verification system.

Florida law relating to motor vehicle insurance contracts requires the insurer or agent to collect at least two months' premium prior to issuing a policy or a binder. The bill changes the premium payment requirement to one month.

Under Florida's motor vehicle insurance laws, insurers do not have the authority to exclude coverage of a specific individual (i.e., an excluded named driver). The bill authorizes the specific exclusion of named drivers from private passenger motor vehicle insurance coverages, except for periods when the excluded named driver is not operating a covered vehicle (e.g., when they are a passenger in the vehicle), it is unfairly discriminatory, or it is inconsistent with filed underwriting guidelines. The exclusion of a named driver is contingent upon the written consent of a policyholder. The bill requires insurers to list excluded named drivers on the policy's declarations page or on a policy endorsement. Individuals who are named as excluded drivers on a particular policy would need to secure their insurance obligations under another policy.

The bill is anticipated to have an initial negative fiscal impact of \$3.3 million for DHSMV to procure and implement the online motor vehicle insurance verification system, and a recurring negative fiscal impact of \$2.8 million to DHSMV to support the system. See Fiscal Analysis for details.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Salvage Motor Vehicle Titles

Present Situation

Section 319.30, F.S., relates to the dismantling, destruction or a change of identity of a motor vehicle or a motor home. For purposes of s. 319.30, F.S., the term “salvage” is defined as a motor vehicle or mobile home which is a total loss.¹ Section 319.30(3)(a), F.S., provides that a motor vehicle or mobile home is a “total loss”:

- When an insurance company pays the vehicle owner to replace the wrecked or damaged vehicle with one of like kind and quality or when an insurance company pays the owner upon the theft of the motor vehicle or mobile home; or
- When an uninsured motor vehicle or mobile home is wrecked or damaged and the cost, at the time of loss, of repairing or rebuilding the vehicle is 80 percent or more of the cost to the owner of replacing the wrecked or damaged motor vehicle or mobile home with one of like kind and quality.

Section 319.30(3)(b), F.S., requires the owner of a motor vehicle or mobile home that is considered to be salvage to, within 72 hours after the motor vehicle or mobile home becomes salvage, forward the title to the motor vehicle or mobile home to the Department of Highway Safety and Motor Vehicles (DHSMV) for processing. However, an insurance company that pays money as compensation for the total loss of a motor vehicle or mobile home must obtain the certificate of title for the motor vehicle or mobile home, make the required notification to the National Motor Vehicle Title Information System,² and, within 72 hours after receiving such certificate of title, forward such title to DHSMV for processing. Currently, the statute is silent as to how these certificates of title are to be forwarded to DHSMV. The owner or insurance company may not dispose of a vehicle or mobile home that is a total loss before it obtains from DHSMV a salvage certificate of title or certificate of destruction.

Part I of Ch. 668, F.S., contains the “Electronic Signature Act of 1996.” Section 668.004, F.S., provides that unless otherwise provided by law, an electronic signature³ may be used to sign a writing and has the same force and effect as a written signature.

Effect of Proposed Changes

The bill authorizes the certificate of title of a salvage vehicle to be forwarded to DHSMV via electronic means or the United States Postal Service.

The bill also provides that an electronic signature consistent with Ch. 668, F.S., relating to electronic commerce, satisfies any signature required regarding a salvage title.

According to DHSMV, when a title changes hands, even in a salvage vehicle situation, the federal Truth in Mileage Act of 1986⁴ requires the owner of the vehicle to sign, in the form of an original “wet”

¹ Section 319.30(1)(t), F.S.

² The National Motor Vehicle Title Information System (NMVTIS) is an electronic system that provides consumers with valuable information about a vehicle's condition and history. NMVTIS allows consumers to find information on a vehicle's title, most recent odometer reading, brand history, and, in some cases, historical theft data. https://www.vehiclehistory.gov/nmvtis_consumers.html (Last visited February 26, 2019).

³ Section 668.003(4), F.S., defines “electronic signature” as any letters, characters, or symbols, manifested by electronic or similar means, executed or adopted by a party with an intent to authenticate a writing. A writing is electronically signed if an electronic signature is logically associated with such writing.

⁴ Pub. L. 99-579

signature, an odometer disclosure. In 2015, Congress passed the FAST Act⁵ allowing states to adopt electronic odometer disclosure systems while the National Highway Traffic Safety Administration (NHTSA) worked on e-odometer disclosure rules. However, NHTSA's rules have not yet been promulgated. While states can move forward with the use of electronic signatures, there is a risk that the requirements DHSMV develops will not comply with NHTSA's rules, once they are adopted, forcing DHSMV (and the industries it interfaces with) to incur the expense to update or replace the electronic signature protocol to comply with NHTSA's rules.⁶

Motor Vehicle Insurance Online Verification System

Present Situation

Chapter 324, F.S., is the Financial Responsibility Law of 1955.⁷ The intent of Ch. 324, F.S., is to:

[R]ecognize the existing privilege to own or operate a motor vehicle when such vehicles are used with due consideration for others and their property, and to promote safety and provide financial security requirements for such owners or operators whose responsibility it is to recompense others for injury to person or property caused by the operation of a motor vehicle. Therefore, the law requires that the operator of a motor vehicle involved in a crash or convicted of certain traffic offenses is required to provide proof of financial ability to respond for damages in future accidents as a requisite to his or her future exercise of operating a motor vehicle.⁸

Section 316.646, F.S., requires persons required by law to maintain certain motor vehicle insurance coverage, to possess proof of insurance, and provides when the person is required to provide proof of motor vehicle insurance. If a person is cited for violating s. 316.646, F.S., and can provide proof of insurance that was valid and the time of the citation, the clerk of the court may dismiss the case and may assess a dismissal fee of up to \$10.⁹

Section 320.02, F.S., requires the registration of motor vehicles. Section 320.02(5), F.S., requires proof of certain insurance in order to register a motor vehicle and requires proof of insurance to be provided at the time the motor vehicle is registered.

Section 324.0221, F.S., requires motor vehicle insurers to notify DHSMV of cancellations or nonrenewals of motor vehicle insurance within 10 days after the processing or effective date of each cancellation or nonrenewal. Furthermore, the statute requires insurers to notify DHSMV within 10 days of the issuance of new insurance policies from persons not previously insured by that insurance company. When DHSMV receives a notice of cancellation from an insurer, DHSMV's system will attempt to verify if additional insurance has been provided and if the registration for the vehicle is still valid.¹⁰ If no additional insurance is verified for the registered vehicle after 20 days, the system will create a financial responsibility case on the owner or registrant's driver license and registration.¹¹ Five days after the case is created a letter is generated and submitted to the vehicle owner or registrant notifying him or her that additional insurance is required for the registered vehicle.¹² If insurance information is not provided, or the owner or registrant does not cancel the registration, the owner or

⁵ Pub. L. 114-94

⁶ Email from Kevin Jacobs, Deputy Director of Legislative Affairs, Department of Highway Safety and Motor Vehicles, RE., HB 765 Electronic Signatures, (March 7, 2019).

⁷ Section 324.251, F.S.

⁸ Section 324.011, F.S.

⁹ Section 318.18(2)(b)3., F.S.

¹⁰ Email from Rachel Jarriel, Legislative Liaison, Department of Highway Safety and Motor Vehicles, RE: s. 324.0221, F.S. (November 8, 2017).

¹¹ *Id.*

¹² *Id.*

registrant's driver license and registration will be suspended at 12:01 a.m. on the fifteenth day from the date of the postmarked letter.¹³

Currently, there is no mechanism in place to determine in real time that a proof of financial responsibility is valid. The current process requires insurance carriers to report insurance information so that it can be compared to DHSMV-maintained vehicle registration. Under this reporting process, any vehicle registrations that are not tied to an insurance record are considered uninsured.¹⁴

A number of states have implemented online motor vehicle insurance verification programs including Alabama,¹⁵ Oklahoma,¹⁶ Texas,¹⁷ and Tennessee.¹⁸ Most of the states that have implemented online motor vehicle verification programs require that the systems generally meet standards developed by the Insurance Industry Committee on Motor Vehicle Administration (IICMVA).¹⁹

Several states that have instituted motor vehicle insurance verification programs have reported significant reductions in the number of uninsured motorists.²⁰

Effect of Proposed Changes

Motor Vehicle Insurance Online Verification Task Force

The bill creates, within DHSMV, the Motor Vehicle Insurance Online Verification Task Force (task force). The task force must:

- Facilitate the implementation of the motor vehicle insurance online verification system, including recommending data and cybersecurity processes and protocols.
- Assist in the development of a detailed guide for insurers by providing data fields and other information necessary for compliance with the online verification system.
- Coordinate a pilot program and conduct the program for at least nine months to test the online verification system and identify necessary changes to be implemented before statewide use.
- Issue recommendations based on periodic reviews of the online verification system.

The task force consists of nine voting members and one nonvoting member. DHSMV's executive director, who is a nonvoting member, serves as its chair. The nine voting members must be appointed by July 31, 2019, as follows:

- Three representatives of DHSMV, representing the Florida Highway Patrol, the Division of Motorist Services, and the Information Systems Administration, appointed by DHSMV's executive director.
- One representative of the Office of Insurance Regulation, appointed by the Commissioner of Insurance.
- Three representatives of the motor vehicle insurance industry, appointed by the Chief Financial Officer as follows:
 - One member representing the motor vehicle insurer with the largest national market share as of December 31, 2018.
 - One member representing the motor vehicle insurer with the largest Florida market share as of December 31, 2018.
 - One member selected from a list of representatives recommended by the IICMVA.

¹³ Section 322.251(2), F.S.

¹⁴ See s. 324.011, F.S.

¹⁵ Alabama Act 2011-688.

¹⁶ Okla. Stat. tit. 47, § 7-600.2

¹⁷ Tex. Transp. Code Ann. §§ 601.053(c) & 601.191.

¹⁸ Tenn. Code Ann. §§ 55-12-201 – 55-12-215

¹⁹ The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) is an all-industry advisory group formed in January 1968 as the official liaison between the insurance industry and Motor Vehicle Departments in the US and Canada.

<https://www.iicmva.com/> (Last visited February 26, 2019).

²⁰ Alice Holbrook, *Are Auto Insurance Verification Programs a Good Idea?*, available at

<https://www.nerdwallet.com/blog/insurance/auto-insurance-verification-programs-good-idea/> (Last visited February 21, 2019).

- One representative of the Department of Financial Services, appointed by the Chief Financial Officer.
- One representative of the Agency for State Technology, appointed by the executive director of the agency.

By September 30, 2019, the task force must meet to establish procedures for conducting its business, and electing a vice chair. The task force must meet at the call of the chair, who is responsible for preparing the agenda for each meeting with the consent of the task force. A majority of the voting members of the task force constitutes a quorum, and a quorum is necessary for the purpose of voting on any action or recommendation of the task force. All meetings must be held in Tallahassee.

DSHMV must provide the task force members with administrative and technical support. Task force members serve without compensation and are not entitled to reimbursement for per diem or travel expenses.

No later than six months after the pilot program concludes, the task force must issue a report to DHSMV, the President of the Senate, and the Speaker of the House of Representatives. The report must evaluate the online verification system's effectiveness in identifying uninsured motorists. The task force may also make recommendations for system enhancements in the report or at any time before the task force's completion of its work.

By July 1, 2022, the task force must complete its work and submit its final report evaluating the online verification system's effectiveness and making recommendations for system enhancements to DHSMV, the President of the Senate, and the Speaker of the House of Representatives. Upon submission of the report, the task force expires.

Motor Vehicle Insurance Online Verification System

The bill creates s. 324.252, F.S., requiring DHSMV to establish an online verification system for motor vehicle insurance. The system's goal is to identify uninsured motorists and aid DHSMV in enforcing the financial responsibility law. The online verification system must:

- Be accessible through the Internet by authorized personnel of DSHMV, the courts, law enforcement personnel, any other entities authorized by DHSMV, and insurers authorized by the Office of Insurance Regulation to offer motor vehicle insurance.
- Send requests to insurers for verification of evidence of insurance for motor vehicles registered in this state via online services established by the insurers in compliance with IICMVA specifications and standards, with enhancements, additions, and modifications as DSHMV requires. However, the enhancements, additions, and modifications may not conflict with, nullify, or add requirements that are inconsistent with IICMVA specifications or standards.
- Be operational by July 1, 2022. The task force must conduct a pilot program for at least nine months to test the system before statewide use. The system may not be used in any enforcement action until successful completion of the pilot program.
- Be available 24 hours a day, except for permitted downtime for system maintenance and other work, as needed, to verify the insurance status of any vehicle registered in this state through the insurer's National Association of Insurance Commissioners (NAIC) company code, in combination with other identifiers such as vehicle identification number, policy number, or other characteristics or markers as specified by the task force.
- Include appropriate provisions, consistent with industry standards, as specified by the task force, to secure the system's data against unauthorized access.
- Include a disaster recovery plan to ensure service continuity in the event of a disaster.
- Include information that enables DHSMV to make inquiries of evidence of insurance by using multiple data elements for greater matching accuracy, specifically the insurer's NAIC company code, in combination with other identifiers such as vehicle identification number, policy number, or other characteristics or markers as specified by the task force.

- Include a self-reporting mechanism for insurers with fewer than 2,000 vehicles insured within this state or for individual entities that are self-insured.

The bill provides DHSMV the following powers and duties:

- Upon advance notice, DHSMV must allow online services established by an insurer to have reasonable downtime for system maintenance and other work, as needed. An insurer is not subject to administrative penalties or disciplinary actions when its online services are not available under such circumstances or when an outage is unplanned by the insurer and is reasonably outside its control.
- Upon recommendation of the task force, DHSMV may contract with a private vendor that has personnel with extensive operational and management experience in the development, deployment, and operation of insurance online verification systems.
- DHSMV and its private vendor, if any, must each maintain a contact person for the insurers during the establishment, implementation, and operation of the system.
- DHSMV must maintain a historical record of the system data for 6 months after the date of any verification request and response.

An insurance company authorized to issue insurance policies for motor vehicles registered in this state:

- Must comply with the verification requirements of motor vehicle insurance for every motor vehicle insured by that company in this state as required by DHSMV rule.
- Must maintain policyholder records in order to confirm insurance coverage for six months after the date of any verification request and response.
- Must cooperate with DHSMV in establishing, implementing, and maintaining the system.
- Is immune from civil liability for good faith efforts to comply with statutory requirements related to the online verification system. An online verification request or response may not be used as the basis of a civil action against an insurer.

A law enforcement officer, during a traffic stop or crash investigation, must request information from the online verification system to establish compliance with Ch. 324, F.S., and to verify the current validity of the policy described on the insurance identification card.

The motor vehicle insurance online verification system does not apply to vehicles insured under commercial motor vehicle coverage.²¹ However, insurers of commercial motor vehicles may participate in the online verification system on a voluntary basis.

DHSMV may adopt rules to administer the Motor Vehicle Insurance Online Verification System.

The bill amends s. 316.646, F.S., requiring that upon implementation of the motor vehicle insurance online verification system, a law enforcement officer, during a traffic stop or crash investigation, to access information from the online verification system to establish compliance with the Florida Uniform Traffic Control Law²² and the Financial Responsibility Law of 1955, and to verify the current validity of the policy described on any insurance identification card produced by the motor vehicle operator during the traffic stop or crash investigation.

The bill amends s. 320.02(5), F.S., providing that upon implementation of the motor vehicle insurance online verification system, the online verification may be used to verify motor vehicle insurance at the time of motor vehicle registration.

²¹ The bill defines "commercial motor vehicle coverage" as any coverage provided to an insured under a commercial coverage form and rated from a commercial manual approved by the Office of Insurance Regulation.

²² Ch. 316, F.S.

The bill amends s. 324.0221, F.S., requiring an insurer to transmit weekly, in a DHSMV-prescribed format, the insurer's records of all active insurance policies²³ to enable DHSMV to identify uninsured vehicles.

The bill authorizes DHSMV to verify information from an insurer as provided in s. 324.252, F.S. This does not relieve an insurer from the reporting requirements in s. 324.0221, F.S.

The bill authorizes DHSMV to implement by rule a method of insurance verification.

Motor Vehicle Insurance Contracts

Present Situation

Section 627.7295, F.S., relates to motor vehicle insurance contracts. Section 627.7295(7), F.S., provides that a policy²⁴ of private passenger motor vehicle insurance or a binder²⁵ for such a policy may be initially issued only if, before the effective date of such binder or policy, the insurer or agent has collected from the insured an amount equal to two months' premium. An insurer, agent, or premium finance company may not, directly or indirectly, take any action resulting in the insured having paid from the insured's own funds an amount less than the required two months' premium. This applies without regard to whether the premium is financed by a premium finance company or is paid pursuant to a periodic payment plan of an insurer or an insurance agent. The statute also provides various circumstances where this would not apply including policy renewal, coverage to active duty or former military personnel, and payments by automatic payroll deduction or electronic funds transfer.

Effect of Proposed Changes

The bill amends s. 627.7295, F.S., requiring the insurer or agent issuing a policy to collect at least one month's premium, rather than the current two months', prior to the effective date of the policy. Additionally, certain entities may not take any action resulting in the insured having paid from the insured's own funds in an amount less than one-month's premium.

Named Driver Exclusion

Present Situation

Part XI of Ch. 627, F.S., relating Motor Vehicle and Casualty Insurance Contracts, and Ch. 324, F.S., containing the Financial Responsibility Law of 1955, establish motor vehicle insurance coverage requirements. Motor vehicle owners and operators must maintain the ability to respond in damages at specified minimum amounts for personal injury protection, bodily injury or death, and property damage.

An insurance policy may exclude coverage of a specific motor vehicle owned by the insured, including damages to covered individuals occupying it that result from operation of the excluded motor vehicle.²⁶ A policyholder may choose not to insure particular motor vehicles for various reasons, such as the vehicle is unregistered or is covered under another policy.

Motor vehicle insurance includes two types of coverage: financial responsibility (i.e., bodily injury, death, and property damage or BI/PD) and no-fault (i.e., personal injury protection or PIP). A policy providing coverage for bodily injury, death, and property damage is required to provide coverage for:

- Individuals named on the policy; and

²³ This is commonly known as the insurance company's "book of business."

²⁴ Section 627.7295(1)(a), F.S., defines "policy" as a motor vehicle insurance policy that provides personal injury protection coverage, property damage liability coverage, or both.

²⁵ Section 627.7295(1)(b), F.S., defines "binder" as a binder that provides motor vehicle personal injury protection and property damage liability coverage.

²⁶ Section 627.736(2), F.S. The insurer may also exclude coverage of injured persons if the person injured himself or herself intentionally or while committing a felony.

- Anyone operating a motor vehicle listed on the policy when the operator has the express or implied permission of the insured motor vehicle owner.²⁷

A policy providing PIP coverage is required to cover:

- The owner of the motor vehicle;
- Persons operating the insured motor vehicle;
- Relatives residing in the same household²⁸ as the policyholder;
- Passengers in the motor vehicle;
- Anyone struck by the motor vehicle who suffer bodily injury while not occupying a self-propelled vehicle; and
- Anyone specifically named on the policy.²⁹

For motor vehicle policies covering BI/PD, PIP, or both, neither the policyholder nor the insurer can exclude an individual required to be covered by law.³⁰

An insurer may cancel a motor vehicle insurance policy if the policyholder or any operator who resides in the same household or customarily operates a motor vehicle insured under the policy has her or his driver license revoked or suspended.³¹ An insured motor vehicle that is operated without the express or implied consent of the insured vehicle's owner is an uninsured/underinsured motor vehicle for purposes of uninsured/underinsured motor vehicle coverage.

Because there is no authority under the motor vehicle insurance laws for an insurer to exclude coverage of a named individual (i.e., an excluded named driver), the insurer must choose not to write a policy in order to avoid specific individuals unless the practice is unfair discrimination.^{32, 33} This results in consumers who reside with an individual who is a high insurance risk being denied opportunities to purchase motor vehicle insurance or having to pay more because they live with individuals whom the policyholder or insurer would like to exclude from the policy. Additionally, policyholders may have their policy cancelled if the license or registration of a co-resident is suspended or revoked.

Effect of Proposed Changes

The bill creates s. 627.747, F.S., authorizing named driver exclusion on a motor vehicle insurance policy. A private passenger motor vehicle policy may exclude an identified individual from the following coverages while the identified individual is operating a motor vehicle if the identified individual is specifically excluded by name on the declarations page or by endorsement and if a policyholder consents in writing to such exclusion:

- Notwithstanding the Florida Motor Vehicle No-Fault Law,³⁴ the personal injury protection coverage specifically applicable to the identified excluded individual's injuries, lost wages, and death benefits.
- Property damage liability coverage.
- Bodily injury liability coverage.
- Uninsured motorist coverage for any damages sustained by the identified excluded individual, if the policyholder has purchased such coverage.

²⁷ Section 324.151(1), F.S.

²⁸ Section 167.732(6), F.S., defines "relative residing in the same household" means a relative of any degree by blood or by marriage who usually makes her or his home in the same family unit, whether or not temporarily living elsewhere.

²⁹ Subsections 627.736(1) and (4)(e) and 627.7407(5)(b), F.S.

³⁰ The insurer may shift certain liabilities from BI/PD and PIP coverage to uninsured/underinsured vehicle coverage (UM). s. 627.727(3)(c), F.S. UM coverage includes damages caused to a policyholder, a resident relative of the policyholder, or an individual named on the policy who is injured by non-family member who was operating an insured vehicle, if the BI/PD and PIP coverage excludes coverage of these damages.

³¹ Subsections 627.7275 and 627.728, F.S.

³² Section 627.736(2), F.S.

³³ Subsections 626.9541(1)(g) and 627.728(4)(c), F.S.

³⁴ Subsections 627.730 through 627.7405, F.S.,

- Any coverage the policyholder is not required by law to purchase.

A private passenger motor vehicle policy may not exclude coverage when:

- The identified excluded individual is injured while not operating a motor vehicle;
- The exclusion is unfairly discriminatory under the Florida Insurance Code, as determined by Office of Insurance Regulation; or
- The exclusion is inconsistent with the underwriting rules filed by the insurer.³⁵

The bill amends ss. 324.151, F.S., relating to motor vehicle liability policies; 627.736, F.S., relating to required personal injury protection benefits; and 627.7407, F.S., relating to the application of the Florida Motor Vehicle No Fault Law; conforming provisions to the authorization for a named-driver exclusion and removing obsolete language.

B. SECTION DIRECTORY:

Section 1 amend s. 316.646, F.S., relating to security required; proof of security and display thereof.

Section 2 amends s. 319.30, F.S., relating to definitions; dismantling; destruction; change of identity of motor vehicle or motor home; salvage.

Section 3 amends s. 320.02, F.S., relating to registration required; application for registration; forms.

Section 4 amend s. 324.0221, F.S., relating to reports by insurers to DHSMV; suspension of driver license and vehicle registrations; reinstatement.

Section 5 amends s. 324.151, F.S., relating to motor vehicle insurance policies; required provisions.

Section 6 creates s. 324.252, F.S., creating an insurance online verification system.

Section 7 creates s. 324.255, F.S., F.S., creating the Motor Vehicle Insurance Online Verification Task Force.

Section 8 amends s. 627.7295, F.S., relating to motor vehicle insurance contracts.

Section 9 amends s. 627.736, F.S., relating to required personal injury protection benefits; exclusions; priority; claims.

Section 10 amends s. 627.7407, F.S., relating to the Application of the Florida Motor Vehicle No-Fault Law.

Section 11 creates s. 627.747, F.S., relating to named driver exclusions.

Section 12 provides that the bill has an effective date of July 1, 2019.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

³⁵ Underwriting rules are filed by the insurer pursuant to s. 627.0651(13)(a), F.S.

2. Expenditures:

Programming will be required for DHSMV to establish the motor vehicle insurance online verification system. Upon recommendation of the task force, DHSMV may contract with a private vendor to assist in establishing and maintaining the verification system. The bill also requires a pilot program to be conducted to test the system's functionality prior to statewide use.

In 2018, DHSMV estimated that it would require \$3.3 million to procure and implement a basic vendor-supplied online insurance verification system. Following implementation, there will be a recurring cost of \$2.8 million per year to support this system, with the amount increasing to \$3.4 million in out years.³⁶

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may positively affect consumers by increased availability and/or lowered premiums of motor vehicle insurance written with named driver exclusions. However, high-risk consumers may experience increased application denials or higher premiums when they must secure their own coverage following exclusion from a policy.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill authorizes DHSMV to adopt rules implementing the motor vehicle insurance online verification system. The bill also authorizes DHSMV to implement, by rule, a method of insurance verification using the motor vehicle insurance online verification system.

³⁶ *Id.*

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 12, 2019, the Transportation & Infrastructure Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment removed all provisions in the bill relating to motor vehicle lights and changed the relating to clause to “motor vehicle insurance.”

This analysis is drafted to the committee substitute as reported favorably by the Transportation & Infrastructure Subcommittee.