

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 489 Motor Vehicle Insurance (cancellation by military service members)  
**SPONSOR(S):** Quinones, Rivera, and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 594, CS/SB 570

---

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Insurance Regulation (Sub)		Cheek	Schulte
2) Insurance			
3) Local Government & Veterans' Affairs			
4)			
5)			

---

**SUMMARY ANALYSIS**

Currently, s. 627.7283, F.S., 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.

The bill creates an exception for certain military service members. Under the bill, an insurer must refund the entire amount of the unearned premium to an insured who cancels a motor vehicle insurance policy if the insured is a member of the armed forces called to active duty or transferred by the armed services to a location where the insurance is not required.

The bill does not appear to have a state or local fiscal impact.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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:

#### B. EFFECT OF PROPOSED CHANGES:

Currently, s. 627.7283, F.S., - *Cancellation; return of premium*, provides that if an insured cancels a motor vehicle insurance policy, the insurer must make a prorated refund. The insurer may retain up to 10 percent of the unearned premium and must refund at least 90 percent of the unearned premium. The section provides that if the insured individual cancels a policy, the insurer must mail the unearned portion of any premium paid within 30 days after the effective date of the policy cancellation or receipt of notice or request for cancellation, whichever is later. If the insurer cancels a policy, the unearned portion of any premium must be mailed to the individual within 15 days after the effective date of the policy cancellation.

Section 627.733, F.S., provides that members of the United States Armed Forces who are on active duty outside the United States in an emergency situation are not required to maintain Florida motor vehicle insurance. This exemption applies only for the length of time the armed forces member is on active duty outside the United States. In addition, this section provides for the cancellation of coverage and the return of any unearned premium to eligible military personnel.

The bill provides that an insurer must refund the entire amount of the unearned premium to an insured who cancels a motor vehicle insurance policy if the insured is a member of the armed forces called to active duty or transferred by the armed services to a location where the insurance is not required.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 627.7283, F.S., - *Cancellation; return of premium*, to provide that an insurer must refund the entire amount of the unearned premium to an insured who cancels a motor vehicle insurance policy if the insured is a member of the Armed forces called to active duty or transferred by the armed services to a location where the insurance is not required.

Section 2. Provides an effective date of upon becoming law.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

This bill does not appear to have a state fiscal impact.

##### 2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

This bill does not appear to have a local fiscal impact.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

If an insured who is a member of the armed forces called to active duty or transferred by the armed services to a location where the insurance is not required cancels a motor vehicle insurance policy, the insurer must refund 100 percent, instead of 90 percent, of the unearned premium.

**D. FISCAL COMMENTS:**

The bill does not appear to have a fiscal impact.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

Not applicable.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

None.