

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 735 Financial Responsibility

SPONSOR(S): Fetterman and others

TIED BILLS: IDEN./SIM. BILLS: SB 1634

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Roads, Bridges & Ports Policy Committee		Brown	Miller
2)	Economic Development & Community Affairs Policy Council			
3)	Transportation & Economic Development Appropriations Committee			
4)	Full Appropriations Council on Education & Economic Development			
5)				

SUMMARY ANALYSIS

Chapter 324, Florida Statutes requires all motorists licensed in the state to carry certain minimum levels of insurance. Section 324.023, F.S., requires those persons convicted of, or pleading no contest to, a charge of DUI, to pay increased levels of insurance for three years after their license is reinstated. The increased limits are \$100,000 per person and \$300,000 per occurrence for bodily injury, and \$50,000 property damage liability.

HB 735 amends s. 324.023, F.S., to require an additional category of offenders to provide proof of increased insurance requirements for three years after license reinstatement. In addition to those convicted of DUI, the bill adds any offender who has, after October 1, 2009:

- Been convicted of, or plead no contest to, any felony traffic offense, or
- Had a mandatory revocation of his or her driver’s license pursuant to s. 322.26, F.S. These are drivers who have:
 - Committed vehicular murder,
 - Committed DUI-manslaughter,
 - Committed vehicular manslaughter,
 - Committed any felony in which a motor vehicle was used,
 - Failed to stop and render aid, if involved in a motor vehicle crash resulting in the death or serious bodily injury of another,
 - Committed reckless driving three times in a twelve month period,,
 - Committed any violation of laws regarding lewdness or prostitution, in which a motor vehicle was used, or
 - Committed any other violation of Chapter 322 in which the court deemed the offense serious enough to warrant license revocation

The bill requires DHSMV to notify the Office of Insurance Regulation of all offenders described above.

HB 735 does not appear to have a significant fiscal impact on the state or local governments. The bill will have a fiscal impact on offenders required to carry additional insurance.

The bill has an effective date of October 1, 2009.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Under Florida's Financial Responsibility law,¹ motorists are required to purchase personal injury protection (PIP) and property damage (PD) liability coverage. Current law requires vehicle owners to obtain \$10,000 of both PIP and PD liability insurance. Pursuant to s. 324.021(9)(b)1., F.S., a person who leases a motor vehicle for one year or longer is required to obtain insurance containing limits not less than \$100,000 per person and \$300,000 per occurrence bodily injury liability and \$50,000 PD liability.

In 2007, the Florida Legislature created s. 324.023, F.S.,² requiring certain motorists to carry higher limits of liability insurance if they have been convicted of, or plead no contest to, a violation of s. 316.193, F.S., relating to driving under the influence. These drivers must carry liability insurance with \$100,000/\$300,000/\$50,000 limits. Such higher limits must be carried for a minimum of three years. If the person is not convicted of a DUI or a felony traffic offense during the three year period, he or she may return to the standard coverage requirements.

Proposed Changes

HB 735 amends s. 324.023, F.S., to require an additional category of offenders to provide proof of increased insurance requirements for three years. In addition to those convicted of DUI, the bill adds any offender who has, after October 1, 2009:

- Been convicted of, or plead no contest to, any felony traffic offense (this includes reckless driving resulting in serious bodily injury,³ fleeing or attempting to elude a law enforcement officer,⁴ and other offenses), or
- Had a mandatory revocation of his or her driver's license pursuant to s. 322.26, F.S. These are drivers who have:
 - Committed vehicular murder,
 - Committed DUI-manslaughter,
 - Committed vehicular manslaughter,

¹ Chapter 324, Florida Statutes.

² See 2007-150, Laws of Florida.

³ Section 316.192(3)(c)2., F.S.

⁴ Section 316.1935, F.S.

- Committed any felony in which a motor vehicle was used,
- Failed to stop and render aid, if involved in a motor vehicle crash resulting in the death or serious bodily injury of another,
- Committed reckless driving three times in a twelve month period,
- Committed any violation of laws regarding lewdness or prostitution, in which a motor vehicle was used, or
- Committed any other violation of Chapter 322 in which the court deemed the offense serious enough to warrant license revocation.

The bill requires DHSMV to notify the Office of Insurance Regulation of all offenders described above.

B. SECTION DIRECTORY:

Section 1 Amends s. 324.023, F.S., requiring a person who has been found guilty of or entered a plea of guilty or nolo contendere to a felony traffic offense or had a mandatory revocation of his or her driving privilege to maintain a certain amount of security or insurance for liability coverage of accidents involving the use of a motor vehicle; requiring the Department of Highway Safety and Motor Vehicles to provide notice to the Office of Insurance Regulation of such persons.

Section 2 Provides an Effective Date of October 1, 2009.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Criminal traffic offenders who have their license permanently revoked, then subsequently reinstated, may face increased insurance policy premiums; the amount of such an increase would be difficult to quantify, as insurance companies would presumably charge higher rates even for the lower insurance limits, given the higher risk of insuring such a driver.

As an example of the fiscal impact on an offender, the Department of Highway Safety and Motor Vehicles has provided the following scenario.⁵ The rates below represent the premium for a 6-month policy for a middle-aged driver with a generally clean driving record operating a basic sedan, with

⁵ Email from T. N. Prakash, Deputy Director, Program Operations, Division of Driver Licenses, Department of Highway Safety and Motor Vehicles, to committee staff, March 24, 2009.

examples for three cities.⁶ The lower rate is for a minimum-required \$10,000/\$20,000/\$10,000 auto policy, while the ‘after violation’ rate is for the \$100,000/\$300,000/\$50,000 rate required by s. 324.023, F.S.:

6 Month Policy in:	Before violation (10/20/10 + PIP)	After violation (100/300/50 + PIP)
Tallahassee	\$447	\$1,700
Orlando	\$481	\$1,893
Miami	\$519	\$3,397

On an annual basis, this represents an increase of approximately \$2,500 for a Tallahassee driver, \$2,840 for an Orlando driver, and \$5,750 for a Miami driver.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

N/A

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Some entities have expressed concern that increasing the costs of driving, along with license suspension for reasons unrelated to the operator’s ability to drive, leads to additional drivers on the road without a license or insurance. “Most communities now depend on private vehicle access to ensure that workers can fill and retain jobs... [Yet] policymakers have created new barriers... by adopting legislation that makes license holding, and therefore access to legal driving, more tenuous...”⁷

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

⁶ Note that many variables impact the cost of an auto policy, including age, prior driving record, type of vehicle, geographic location, and other risk factors. This example was provided by the Department simply as a rough indicator of the impact of the increased fiscal responsibility statute.

⁷ *Access to Driving and License Suspension Policies*, The Mobility Agenda, 2007. This report is available online at <http://www.mobilityagenda.org/home/page/Access-to-Driving-and-License-Suspension-Policies.aspx>