

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Committee on Judiciary

---

BILL: CS/CS/SB 234

INTRODUCER: Judiciary; Banking and Insurance Committee; and Senator Montford

SUBJECT: Motor Vehicle Insurance

DATE: March 4, 2015

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matiyow</u>	<u>Knudson</u>	<u>BI</u>	<b>Fav/CS</b>
2.	<u>Davis</u>	<u>Cibula</u>	<u>JU</u>	<b>Fav/CS</b>
3.	_____	_____	<u>RC</u>	_____

---

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Technical Changes

---

**I. Summary:**

CS/CS/SB 234 revises the definitions of “motor vehicle insurance” and “policy” to increase the number of automobiles that may be insured on the same private passenger motor vehicle insurance policy. Existing law prohibits the writing of a personal automobile insurance policy that provides coverage for more than four automobiles on a single policy. As a result of the changes in this bill, vehicle owners may purchase, and insurance companies may issue, single policies that cover more than four private passenger motor vehicles.

**II. Present Situation:**

“Motor vehicle insurance,” as defined in the statutes,<sup>1</sup> is insurance issued to a natural person or one or more related individuals residing in the same household. The insurance policy provides coverage for private passenger automobiles that are not used as public or livery conveyances or rented to others or used in the occupation, profession, or business of the insured, unless that occupation, profession, or business is farming.

The current definitions of “motor vehicle insurance” and “policy”<sup>2</sup> limit to four the number of automobiles that may be insured on a single private passenger insurance policy. Some insurance industry officials believe that this is an antiquated statute that was written at a time when society was less mobile and people did not envision a family having a large number of vehicles. The

---

<sup>1</sup> Section 627.041(8), F.S.

<sup>2</sup> Section 627.728(1)(a)2., F.S.

Office of Insurance Regulation has speculated that the statute might have been written to make certain that small business owners did not attempt to insure commercial vehicles under the cover of a personal automobile policy.<sup>3</sup> Currently, if a consumer needs to insure more than four automobiles in a household, then he or she must obtain multiple insurance policies or what is referred to as a split policy. A policy that insures five or more vehicles is considered fleet insurance and treated as commercial insurance for areas of rating, notices of cancellation, renewal, and nonrenewal.<sup>4</sup>

### **III. Effect of Proposed Changes:**

This bill deletes the prohibition against insuring more than four automobiles in a single motor vehicle insurance policy. This is accomplished by amending the definitions of “motor vehicle insurance” and “policy” found in sections 627.041(8) and 627.728(1)(a)2., F.S. As a result, consumers may purchase, and insurers may issue, single policies that insure an unlimited number of private passenger motor vehicles.

The Office of Insurance Regulation has indicated that it has no concerns with the removal of this restriction from the statutes.

This bill takes effect July 1, 2015.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

This bill does not appear to affect the spending, revenues, or tax authority of cities or counties. As such, the bill does not appear to be a mandate.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

---

<sup>3</sup> Office of Insurance Regulation, *2015 Agency Legislative Bill Analysis for Senate Bill 234* (Jan. 20, 2015) (on file with the Senate Committee on Judiciary).

<sup>4</sup> *Id.*

**B. Private Sector Impact:**

Insurance companies might realize an administrative benefit and paperwork reduction by not having to write multiple policies where one single policy would be allowed under this bill.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: sections 627.041 and 627.728.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS/CS by Judiciary on March 3, 2015:**

The reenactment provisions in sections 3 and 4 are deleted from the bill because it was determined by Senate Bill Drafting that they are not necessary.

**CS by Banking and Insurance on February 3, 2015:**

The CS conforms the change to the definition of a motor vehicle insurance policy found in s. 627.041(8)(b), F.S., to the definition of a motor vehicle insurance policy found in s. 627.728(1)(a)2., F.S.

**B. Amendments:**

None.