

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 Banking and Insurance

BILL: SB 234

INTRODUCER: Senator Montford

SUBJECT: Motor Vehicle Insurance

DATE: January 22, 2015

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|--------------------|
| 1. | Matiyow | Knudson | BI | Pre-meeting |
| 2. | | | JU | |
| 3. | | | RC | |

I. Summary:

SB 234 removes the Rating Law prohibition against insuring more than four automobiles per motor vehicle insurance policy.

II. Present Situation:

Since the passage of HB 4B in 1971¹, insurers have been limited to insuring no more than four automobiles per motor vehicle insurance policy.² Most insurers write one policy per vehicle or write multiple policies for a single policyholder who seeks to insure more than four automobiles.³

Under the Rating Law,⁴ a motor vehicle insurance policy is defined by s. 627.041(8), F.S., as a policy that insures a motor vehicle of the private passenger type.⁵ Generally, private passenger automobiles include vehicles such as sedans, station-wagons, and jeeps. Also included are trucks and vans that are not used for business purposes. Examples of this classification include s. 627.732(3), F.S., where for purposes of the Florida Motor Vehicle No-Fault Law, a private passenger motor vehicle is defined as “any motor vehicle which is a sedan, station wagon, or jeep-type vehicle and, if not used primarily for occupational, professional, or business purposes, a motor vehicle of the pickup, panel, van, camper, or motor home type.” A similar definition is used by the Insurance Services Office (ISO), which defines a private passenger automobile as “a

¹ 71-3B s.4 L.O.F.

² There are no historical archive records available on the passage of HB 4B.

³ The term “automobile” is not defined in the Florida Statutes. The Oxford Dictionary definition for “automobile” is “a road vehicle, typically with four wheels, powered by an internal combustion engine or electric motor and able to carry a small number of people.”

⁴ Sections 627.011-627.381, F.S.

⁵ The policy must be delivered or issued for delivery by a Florida-authorized insurer. Additionally, the policy must insure a natural person as the named insured or one or more related individuals resident of the same household, or both.

four-wheel auto of the private passenger or station wagon type. A pickup, panel truck or van not used for business is rated as a private passenger auto.”⁶

III. Effect of Proposed Changes:

SB 234 deletes the prohibition in s. 627.041(8), F.S., against insuring more than four automobiles in a single motor vehicle insurance policy. Policyholders will no longer need multiple policies to insure more than four private passenger motor vehicles. The Office of Insurance Regulation has indicated they have no concerns on the removal of this restriction.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

SB 234 seeks to change the definition for motor vehicle insurance policy found in s. 627.041(8)(b), F.S., however, this same definition is also used in s. 627.728(1)(a)2., F.S. A technical amendment is needed to reflect any changes to s. 627.041(8)(b), F.S., are also made to s. 627.728(1)(a)2., F.S.

⁶ <http://www.fajia.com/core/contentmanager/uploads/FIRL/PDFs/FIRL%20Project%20ISO%20CA%20Rules%2092011.pdf>
(Last viewed 1/28/15)

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 627.041 of the Florida Statutes.

This bill reenacts section 627.0651 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

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

None.

B. Amendments:

None.