

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HB 4011	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Insurance & Banking Subcommittee; Goodson	117 Y's	0 N's
COMPANION BILLS:	CS/CS/SB 234	GOVERNOR'S ACTION:	Approved

SUMMARY ANALYSIS

CS/HB 4011 passed the House on March 18, 2015, and subsequently passed the Senate on April 1, 2015.

Private passenger motor vehicle insurance is written to individuals, and family members in the same household, for coverage of automobiles that are not used for commercial purposes. Current law limits private passenger motor vehicle policies to no more than four vehicles per policy. If there are more than four such vehicles in the household, the consumer must purchase and the insurer must underwrite multiple policies. An estimated 51,408 households in the state have five or more vehicles available.

The bill removes the four vehicle maximum from the definition of "motor vehicle insurance" in s. 627.041(8), F.S., and the definition of "policy" in s. 627.728(1)(a), F.S., to allow vehicle owners to purchase, and insurers to issue, single policies that cover any number of private passenger motor vehicles, rather than just four or less vehicles per policy.

The bill has no fiscal impact on state or local government expenditures. The bill should have a positive impact on the private sector.

The bill was approved by the Governor on June 11, 2015, ch. 2015-158, L.O.F., and will become effective on July 1, 2015.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Private passenger motor vehicle insurance is casualty coverage¹ within the personal lines² segment of insurance business. It is issued to individuals, or related individuals in the same household, and covers private passenger automobiles that are not used as public conveyances, for rental to others, or in the occupation, profession, or business of the insured (excluding farm business use).³ Commercial motor vehicles are those that are not private passenger motor vehicles.⁴

Currently, there is a limitation on the number of motor vehicles that may be insured on a single private passenger motor vehicle insurance policy. Among other things, s. 627.041(8), F.S., provides that a “motor vehicle insurance” policy is one that does not insure more than four automobiles. The four vehicle maximum is also present in s. 627.728(1)(a), F.S., regarding the cancellation or nonrenewal of private passenger motor vehicle insurance policies.

The limitation of such policies to no more than four automobiles results in consumers purchasing, and insurers underwriting, multiple policies whenever the consumer seeks to insure more than four private passenger automobiles. The prevalence of this occurrence is unknown and some insurers may choose to issue multiple policies even when the total number of vehicles insured falls below the statutory limit. The United States Census Bureau estimates there are 51,408 households in the state with five or more vehicles available.⁵

The bill removes the four vehicle limitation from the definition of “motor vehicle insurance” in s. 627.041(8), F.S., and the definition of “policy” in s. 627.728(1)(a), F.S. This allows vehicle owners to purchase, and insurers to issue, single policies that cover any number of private passenger motor vehicles.

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.

¹ s. 627.021(3), F.S.

² Personal lines insurance is property and casualty insurance sold to individuals and families for non-commercial purposes. S. 626.015(15), F.S.

³ ss. 627.041(8) and 627.728(1)(a), F.S.

⁴ s. 627.732(3)(a), F.S.

⁵ Table ID B25044, Tenure by Vehicles Available, U.S. Census Bureau, 2009-2013 5-Year American Community Survey.

<http://factfinder.census.gov>

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Consumers and insurers should benefit from the efficiency created by procuring, underwriting, and issuing a single motor vehicle insurance policy, rather than multiple insurance policies, whenever the consumer seeks to insure more than four vehicles. Insurers may still utilize a business practice that limits the number of vehicles per policy, which would limit the impact. The extent of this benefit has not been calculated. However, any savings realized by insurers should be passed through to policyholders.

D. FISCAL COMMENTS:

None.