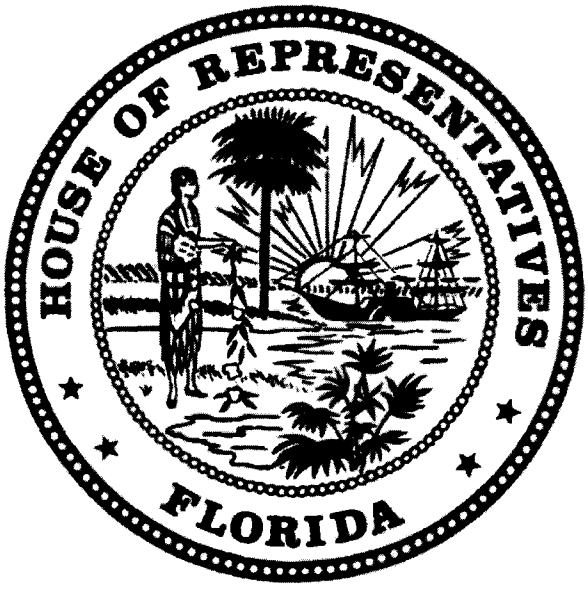

Regulatory Affairs Committee

Thursday, March 5, 2015
8:30 AM
Sumner Hall (404 HOB)

MEETING PACKET

Steve Crisafulli
Speaker

Jose Diaz
Chair

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Regulatory Affairs Committee

Start Date and Time:	Thursday, March 05, 2015 08:30 am
End Date and Time:	Thursday, March 05, 2015 10:00 am
Location:	Sumner Hall (404 HOB)
Duration:	1.50 hrs

Consideration of the following bill(s):

CS/HB 189 Insurance Guaranty Associations by Finance & Tax Committee, Cummings
CS/HB 217 Engineers by Business & Professions Subcommittee, Van Zant
CS/HB 273 Insurer Notifications by Insurance & Banking Subcommittee, Perry
CS/CS/HB 277 Public Lodging Establishments by Veteran & Military Affairs Subcommittee, Business & Professions Subcommittee, Hager
CS/HB 4011 Motor Vehicle Insurance by Insurance & Banking Subcommittee, Goodson

Pursuant to rule 7.12, the filing deadline for amendments to bills on the agenda by a member who is not a member of the committee or subcommittee considering the bill is 6:00 p.m., Wednesday, March 4, 2015.

By request of the Chair, all Regulatory Affairs Committee members are asked to have amendments to bills on the agenda submitted to staff by 6:00 p.m., Wednesday, March 4, 2015.

NOTICE FINALIZED on 03/03/2015 16:10 by Ellinor.Martha

The Florida House of Representatives

Regulatory Affairs Committee

Steve Crisafulli
Speaker

Jose Diaz
Chair

AGENDA

March 5, 2015
404 HOB
8:30 AM – 10:00 AM

I. Call to Order and Roll Call

II. CS/HB 189 by *Finance & Tax Committee; Rep. Cummings*
Insurance Guaranty Associations

III. CS/HB 217 by *Business & Professions Subcommittee; Rep. Van Zant*
Engineers

IV. CS/HB 273 by *Insurance & Banking Subcommittee; Rep. Perry*
Insurer Notifications

V. CS/CS/HB 277 by *Veteran & Military Affairs Subcommittee; Business & Professions Subcommittee; Rep. Hager*
Public Lodging Establishments

VI. CS/HB 4011 by *Insurance & Banking Subcommittee; Rep. Goodson*
Motor Vehicle Insurance

VII. ADJOURNMENT

303 House Office Building, 402 South Monroe Street , Tallahassee, FL 32399-1300
(850) 717-4870

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 189 Insurance Guaranty Associations
SPONSOR(S): Finance & Tax Committee; Cummings
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 600

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 0 N	Bauer	Cooper
2) Finance & Tax Committee	16 Y, 0 N, As CS	Pewitt	Langston
3) Regulatory Affairs Committee		Bauer	Hamon

SUMMARY ANALYSIS

Florida operates five insurance guaranty funds to ensure policyholders of liquidated insurers are protected with respect to insurance premiums paid and settlement of outstanding claims, up to limits provided by law. A guaranty association generally is a not-for-profit corporation created by law directed to protect policyholders from financial losses and delays in claim payment and settlement due to the insolvency of an insurance company. A guaranty association accomplishes its mission by assuming responsibility for settling claims and refunding unearned premiums to policyholders. Insurers are required by law to participate in guaranty associations as a condition of transacting business in Florida.

The bill makes changes to two of the five guaranty funds – the Florida Insurance Guaranty Association (FIGA), which is the guaranty association for property and casualty insurance, and the Florida Life and Health Insurance Guaranty Fund (FLAHIGA), which is the guaranty association for most health and life insurers.

The bill clarifies the accounting treatment of assessments levied by FIGA and mitigates the negative impact to insurers' net worth due to a 2011 change to statutory accounting principles relating to the treatment of assessments. The bill also clarifies FLAHIGA's statutory duty to review policies, contracts, and claims of insolvent life and health insurers following *either* domestic or foreign liquidations or rehabilitations.

The bill has no fiscal impact on state or local government. The bill should have a positive private sector impact due to the bill's clarifications of FLAHIGA's obligations and the statutory accounting treatment of FIGA assessments.

The bill is effective July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Insurance Guaranty Associations – Background

Chapter 631, F.S., relating to insurer insolvency and guaranty payments, governs the receivership process for insurance companies in Florida.[1] Federal law specifies that insurance companies cannot file for bankruptcy. Instead, they are either "rehabilitated" or "liquidated" by the state. In Florida, the Division of Rehabilitation and Liquidation of the Department of Financial Services (DFS) is responsible for rehabilitating or liquidating insurance companies.[2]

Florida operates five insurance guaranty funds to ensure policyholders of liquidated insurers are protected with respect to insurance premiums paid and settlement of outstanding claims, up to limits provided by law.[3] A guaranty association generally is a not-for-profit corporation created by law directed to protect policyholders from financial losses and delays in claim payment and settlement due to the insolvency of an insurance company. A guaranty association accomplishes its mission by assuming responsibility for settling claims and refunding unearned premiums[4] to policyholders. Insurers are required by law to participate in guaranty associations as a condition of transacting business in Florida.

The bill makes changes to two of the five guaranty funds – the Florida Insurance Guaranty Association (FIGA), which is the guaranty association for property and casualty insurance, and the Florida Life and Health Insurance Guaranty Fund (FLAHIGA), which is the guaranty association for most health and life insurers.

Florida Insurance Guaranty Association (FIGA)

Statutory provisions relating to FIGA, which was created in 1970, are contained in part II of chapter 631, F.S. FIGA operates under a board of directors and is a nonprofit corporation. FIGA is composed of all insurers licensed to sell property and casualty insurance in the state. By law, FIGA is divided into two accounts:

- the auto liability and auto physical damage account; and
- the account for all other included insurance lines (the all other account).[5]

When a property and casualty insurance company becomes insolvent, FIGA is required by law to take over the claims of the insurer and pay the claims of the company's policyholders. This ensures

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[1] The Bankruptcy Code expressly provides that "a domestic insurance company" may not be the subject of a federal bankruptcy proceeding. 11 U.S.C. § 109(b)(2). The exclusion of insurers from the federal bankruptcy court process is consistent with federal policy generally allowing states to regulate the business of insurance. *See* 15 U.S.C. §§ 1011- 1012 (McCarran-Ferguson Act).

[2] Typically, insurers are put into liquidation when the company is insolvent whereas insurers are put into rehabilitation for numerous reasons, one of which is an unsound financial condition. The goal of rehabilitation is to return the insurer to a sound financial condition. The goal of liquidation, however, is to dissolve the insurer. *See* s. 631.051, F.S., for the grounds for rehabilitation and s. 631.061, F.S., for the grounds for liquidation.

[3] The Florida Life and Health Insurance Guaranty Association generally is responsible for claims settlement and premium refunds for health and life insurers who are insolvent. The Florida Health Maintenance Organization Consumer Assistance Plan offers assistance to members of insolvent health maintenance organizations, and the Florida Workers' Compensation Insurance Guaranty Association is directed by law to protect policyholders of insolvent workers' compensation insurers. The Florida Self-Insurers Guaranty Association protects policyholders of insolvent individual self-insured employers for workers' compensation claims. The Florida Insurance Guaranty Association is responsible for paying claims for insolvent insurers for most remaining lines of insurance, including residential and commercial property, automobile insurance, and liability insurance, among others.

[4] The term "unearned premium" refers to that portion of a premium that is paid in advance, typically for six months or one year, and which is still owed on the unexpired portion of the policy.

[5] s. 631.55(2), F.S.

policyholders who have paid premiums for insurance are not left with valid yet unpaid claims. FIGA is responsible for claims on residential and commercial property insurance, automobile insurance, and liability insurance, among others. Claims for property insurance are paid out of the all other account in FIGA.

In order to pay claims and to maintain the operations of an insolvent insurer, FIGA has several potential funding sources. FIGA's primary funding source is from the liquidation of assets of insolvent insurance companies domiciled in Florida. FIGA also obtains funds from the liquidation of assets of insolvent insurers domiciled in other states, but having claims in Florida.

In the event the insolvent insurer's assets are insufficient to pay all claims, FIGA can issue two types of post-insolvency assessments against property and casualty insurance companies to raise funds to pay claims. FIGA's assessments are computed and billed based on FIGA's immediate needs to pay claims. Currently, the assessment cap is 2% of net direct-written premium for regular assessments, and an additional 2% for emergency assessments for hurricane-related insolvencies.[6] FIGA has not levied an emergency assessment since 2006. FIGA last levied a regular assessment in November 2012 which was paid by insurers by December 31, 2012. This assessment amount was 0.9% of an insurer's net direct written premiums for 2011, which was levied only on the all other account.[7]

FIGA Assessment Procedure

The specific procedure used by FIGA to levy both types of assessments against member insurance companies and the procedure used by member insurance companies to recoup the assessment paid from their policyholders are found in s. 631.57(3), F.S. The procedure is generally the same for both regular and emergency assessments and is as follows:

1. FIGA's board determines an assessment is needed.
2. The board certifies the need for an assessment levy to the Office of Insurance Regulation (OIR).
3. If the certification is sufficient, the OIR issues an order to all insurance companies subject to the assessment instructing the companies to pay their share of the assessment to FIGA, based on each company's market share (direct written premium) for the previous calendar year.
4. Regular assessments must be paid by the insurance company within 30 days of the levy. Emergency assessments can be paid either in one payment at the end of the month after the assessment is levied or in 12 monthly installments, at the option of FIGA.
5. For both types of assessments, once an insurance company pays the assessment to FIGA, it may begin to recoup the assessment from its policyholders at the policy issuance or renewal. Insurers make a rate filing with the OIR to recoup the FIGA assessments from policyholders, based on expected future premiums to indicate the assessment percentage that will be added to each policy over the next 12 months.[8]

Current law requires insurers to remit excess assessment amounts collected from policyholders to FIGA if the excess amount is 15 percent or less than the total assessment paid by the insurer. Excess amounts over 15 percent of the total assessment paid are refunded by the insurer to the policyholders who paid the assessment.

Accounting for FIGA Assessments

Most insurers authorized to do business in the U.S. and its territories are required to prepare statutory financial statements to their state insurance regulators in accordance with statutory accounting

[6] s. 631.57(3), F.S.
[7] FLORIDA INSURANCE GUARANTY ASSOCIATION, *Assessments*, http://www.figafacts.com/assessments (last visited January 26, 2015).
[8] *See also* Office of Insurance Regulation, *Frequently Asked Questions for FIGA Recoupment Filings*, available at http://www.figafacts.com/media/files/FAQs%20OIR-FIGA%20Assessment.pdf

principles (SAP),[9] which differs from generally acceptable accounting principles (GAAP) in a number of ways. While GAAP provides information useful to investors and other users of financial reporting (such as banks, credit rating agencies, and the U.S. Securities & Exchange Commission), SAP is developed in accordance with the concepts of consistency, recognition and conservatism, and assists state insurance departments with the regulation of the solvency of insurance companies. The ultimate objective of solvency regulation is to ensure that policyholder, contract holder and other legal obligations are met when they come due and that companies maintain capital and surplus at all times and in such forms as required by statute to provide a margin of safety. With the objective of solvency regulation, SAP focuses on the balance sheet, rather than the income statement, and emphasizes insurers' liquidity.[10]

Under both GAAP and SAP, an insurer recognizes a liability when a FIGA assessment is imposed (which reduces the insurer's surplus and net worth). However, a timing difference exists between the two principles for the recognition of an asset relating to the future recoveries of policy surcharges:

- GAAP does not treat the assessments recoverable from future premium writings as an asset, and thus results in an immediate reduction in equity and earnings in the period a FIGA assessment is billed. However, the equity reduction is eliminated the following year as the assessments are recouped from policyholders.
- On the other hand, SAP allows insurers to recognize the assessment amount likely to be recovered from future premium surcharges as an asset, which in turn offsets or eliminates the negative effect on statutory surplus, subject to certain conditions. SAP does not permit an asset to be recognized if the assessment is to be recovered from future rate structures, and limits asset recognition for accrued assessment liabilities to the extent that amount to be recovered is from in-force premiums only.[11]

Effect of the Bill on FIGA

The bill provides that the definition of "asset" for the purposes of determining an insurer's financial condition includes FIGA assessments that are levied (*before* policy surcharges are collected) result in a receivable, which is recognized as an admissible asset[12] under statutory accounting principles, to the extent the receivable is likely to be realized. This reflects and clarifies a practice of the OIR,[13] and eliminates the negative effect on statutory surplus of guaranty fund assessments. The asset must be established and recorded separately from the liability. The insurer must reduce the amount recorded as an asset if it cannot fully recoup the assessment amount because of a reduction in writings or withdrawal from the market.

For assessments that are paid *after* policy surcharges are collected pursuant to the monthly installment option, the recognition of assets is based on actual premium written offset by the obligation to FIGA.

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[9] The OIR requires insurers to file annual SAP statements and independently audited financial reports. Section 624.424, F.S.

[10] NAIC & CENTER FOR INSURANCE POLICY AND RESEARCH , *Statutory Accounting Principles*, http://www.naic.org/cipr_topics/topic_statutory_accounting_principles.htm (last visited on January 12, 2015). Section 625.01115, F.S., provides that "statutory accounting principles" means "accounting principles as defined in the National Association of Insurance Commissioners Accounting Practices and Procedures Manual as of March 2002 and subsequent amendments thereto if the amendments remains substantially consistent."

[11] Statements of Statutory Accounting Principles, No. 35R, Guaranty Fund and Other Assessments (SSAP 35R); *see also* Thomas Howell Ferguson, P.A., *Accounting for Guaranty Fund Assessments Memorandum*, Dec. 3, 2013.

[12] NAIC Statement of Statutory Accounting Principles No. 4.

[13] OFFICE OF INSURANCE REGULATION, Supplemental Memorandum to Information Memorandum OIR-06-023M (Dec. 1, 2006). http://www.floir.com/siteDocuments/SupplementalMemo.pdf.

Florida Life and Health Insurance Guaranty Association (FLAHIGA)

Statutory provisions relating to Florida Life and Health Insurance Guaranty Association (FLAHIGA), which was created in 1979, are contained in part III of chapter 631, F.S. FLAHIGA is governed by a board of directors composed of nine insurance companies and is a nonprofit corporation. All insurance companies (with limited exceptions) licensed to write life and health insurance or annuities in Florida are required, as a condition of doing business in Florida, to be a member of FLAHIGA. By law, FLAHIGA is divided into three accounts:

- the health insurance account;
- the life insurance account; and
- the annuity account.[14]

In the event a member insurer is found to be insolvent and is ordered to be liquidated by a court, a receiver takes over the insurer under court supervision and processes the assets and liabilities through liquidation. Upon liquidation, FLAHIGA automatically becomes liable for the policy obligations that the liquidated insurer owed to its Florida policyholders.[15] FLAHIGA services the policies, collects premiums and pays valid claims under the policies. FLAHIGA's rights under the policies are those that applied to the insurer prior to liquidation. FLAHIGA may cancel the policy if the insurer could have done so, but normally FLAHIGA continues the policies until the association can transfer or substitute the policies to a new, stable insurer with approval of the OIR.

Generally, direct individual or direct group life and health insurance policies, as well as individual and allocated annuity contracts issued by FLAHIGA's member insurers, are covered by FLAHIGA.[16] Current law specifies life and health policies and annuity contracts from non-licensed insurers are not covered by FLAHIGA.[17] In addition, s. 631.713(3), F.S., excludes all of the following from coverage by FLAHIGA:

- any portion or part of a variable life insurance contract or a variable annuity contract that is not guaranteed by a licensed insurer;
- any portion or part of any policy or contract under which the risk is borne by the policyholder;
- any policy or contract or part thereof assumed by the failed insurer under a contract of reinsurance, unless assumption certificates were issued;
- fraternal benefit society products;
- health maintenance insurance;
- dental service plan insurance;
- pharmaceutical service plan insurance;
- optometric service plan insurance;
- ambulance service association insurance;
- preneed funeral merchandise or service contract insurance;
- prepaid health clinic insurance;
- certain federal employees group policies;
- any annuity contract or group annuity contract that is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed directly and not through an intermediary to an individual by an insurer under such contract or certificate.

In 2011, legislation[18] was enacted specifying that FLAHIGA's immunity from bad faith lawsuits did not affect the FLAHIGA's obligation to pay valid insurance policy or contract claims if warranted after its

[14] s. 631.715(2)(a), F.S.

[15] Generally, FLAHIGA covers only policyholders and certificate holders that were valid Florida residents on the date that a member insurer is declared insolvent and liquidated. However, non-residents of Florida and beneficiaries of covered persons are covered by FLAHIGA under limited circumstances (s. 631.713(2), F.S.).

[16] Allocated annuity contracts are directly issued to and owned by individuals or annuities that directly guarantee benefits to individuals by the insurer.

[17] s. 631.713, F.S.

[18] Ch. 2011-226, Laws of Fla.

independent de novo review of the policies, contracts, and claims presented to it, whether domestic or foreign. However, current law only specifies that FLAHIGA's obligation applies after a domestic (in-state) rehabilitation or liquidation, but is silent as to FLAHIGA's obligations to pay after a *foreign* (out-of-state) rehabilitation or liquidation. Consequently, current law could limit the ability of FLAHIGA to pay claims after a covered insurer is rehabilitated or liquidated in another state.

Effect of the Bill on FLAHIGA

The bill transfers the 2011 exception from immunity from FLAHIGA's powers and duties statute, s. 631.717, F.S., to s. 631.737, F.S., which pertains to FLAHIGA's duty to review claims involving covered policies, and clarifies that this duty is not limited solely to policies, contracts, and claims following domestic rehabilitations and liquidations.

B. SECTION DIRECTORY:

Section 1: Amends s. 625.012, F.S., relating to the definition of "assets."

Section 2: Amends s. 631.717, F.S., relating to the powers and duties of the association.

Section 3: Amends s. 631.737, F.S., relating to rescission and review generally.

Section 4: Provides an effective date of July 1, 2015.

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:

The bill's clarification of statutory accounting for FIGA assessments should mitigate the impact of assessments on an insurer's financial statement.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

   None provided by the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

   None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

The bill was amended in the Finance & Tax Committee during its meeting on February 19, 2015, to correct two cross-references.

A bill to be entitled

An act relating to insurance guaranty associations; amending s. 625.012, F.S.; revising the definition of the term "asset" to include Florida Insurance Guaranty Association assessments, under certain conditions, for purposes of determining the financial condition of an insurer; amending ss. 631.717 and 631.737, F.S.; transferring a provision relating to the obligation of the Florida Life and Health Insurance Guaranty Association to pay valid claims under certain circumstances; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (15) and (16) of section 625.012, Florida Statutes, are renumbered as subsections (16) and (17), respectively, and a new subsection (15) is added to that section, to read:

625.012 "Assets" defined.—In any determination of the financial condition of an insurer, there shall be allowed as "assets" only such assets as are owned by the insurer and which consist of:

(15)(a) Assessments levied pursuant to s. 631.57(3)(a) and (e) that are paid before policy surcharges are collected and result in a receivable for policy surcharges to be collected in the future. This amount, to the extent it is likely that it will

be realized, meets the definition of an admissible asset as specified in the National Association of Insurance Commissioners' Statement of Statutory Accounting Principles No. 4. The asset shall be established and recorded separately from the liability regardless of whether it is based on a retrospective or prospective premium-based assessment. If an insurer is unable to fully recoup the amount of the assessment because of a reduction in writings or withdrawal from the market, the amount recorded as an asset shall be reduced to the amount reasonably expected to be recouped.

(b) Assessments levied as monthly installments pursuant to s. 631.57(3)(e)1.c. that are paid after policy surcharges are collected so that the recognition of assets is based on actual premium written offset by the obligation to the Florida Insurance Guaranty Association.

Section 2. Subsection (11) of section 631.717, Florida Statutes, is amended to read:

631.717 Powers and duties of the association.—

(11) The association is ~~shall~~ not ~~be~~ liable for any civil action under s. 624.155 arising from any acts alleged to have been committed by a member insurer before ~~prior to~~ its liquidation. ~~This subsection does not affect the association's obligation to pay valid insurance policy or contract claims if warranted after its independent de novo review of the policies, contracts, and claims presented to it, whether domestic or foreign, after a Florida domestic rehabilitation or a~~

~~liquidation.~~

Section 3. Section 631.737, Florida Statutes, is amended to read:

631.737 Rescission and review generally.—The association shall review claims and matters regarding covered policies based upon the record available to it on and after the date of liquidation. Notwithstanding any other provision of this part, in order to allow for orderly claims administration by the association, entry of a liquidation order by a court of competent jurisdiction tolls ~~shall be deemed to toll~~ for 1 year any rescission or noncontestable period allowed by the contract, the policy, or by law. The association's obligation is to pay any valid insurance policy or contract claims, if warranted, after its independent de novo review of the policies, contracts, and claims presented to it, whether domestic or foreign, following a rehabilitation or a liquidation.

Section 4. This act shall take effect July 1, 2015.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 217 Engineers
SPONSOR(S): Business & Professions Subcommittee; Van Zant and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 338

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee	13 Y, 0 N, As CS	Anstead	Luczynski
2) Regulatory Affairs Committee		Anstead	Hamon

SUMMARY ANALYSIS

The bill amends current engineering law to create a license type for "structural engineers."

The bill modifies current law related to the licensing and regulation of engineers to include structural engineers. Structural engineers will be licensed and regulated similar to licensed engineers.

Beginning March 1, 2019, the bill prohibits anyone, other than a duly licensed structural engineer, from practicing structural engineering, and from using the name or title of "licensed structural engineer" or any other similar title.

The bill defines structural engineering as a service or creative work that includes the structural analysis and design of threshold buildings.

The bill modifies the current law to include qualifications for applicants for a structural engineer license. In order to qualify for licensure as a structural engineer, an applicant must meet the current qualifications to become an engineer, but have four years of structural engineering experience instead of general engineering experience, and must pass a structural engineering examination – the National Council of Examiners for Engineering and Surveying Structural Engineering Examination.

The bill provides for the simultaneous application for both an engineer and a structural engineer license.

The bill provides a "grandfathering" provision for applicants prior to February 28, 2019. It provides applicants with an exemption from taking the National Council of Examiners for Engineering and Surveying Structural Engineering Examination if the applicant is licensed as an engineer in Florida and has four years of experience in structural engineering.

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

The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Current law requires certain qualifications for the practice of engineering. Only licensed engineers can practice engineering and only licensed engineers can use the name or title of "licensed engineer," or any related title indicating active licensure in this state.

Florida Board of Professional Engineers

The Florida Legislature created the Florida Board of Professional Engineers in the interest of public health and safety to regulate the practice of engineering in the State of Florida, creating ch. 471, F.S., making the board responsible for reviewing applications, administering exams, licensing qualified applicants, and regulating and enforcing the proper practice of engineering in the state. The board is comprised of 11 members appointed by the Governor and meets six times a year.[1] Administrative, investigative and prosecutorial services are provided to the Florida Board of Professional Engineers by the Florida Engineers Management Corporation (FEMC).[2] FEMC is a non-profit, single purpose corporation that operates through a contract with the Department of Business and Professional Regulation.

Licensure

Current law requires that applicants have certain qualifications in order to become licensed as an engineer, including passing a fundamentals examination and a principles and practice examination, having good moral character, obtaining a degree from a four year engineering curriculum, and having four years of engineering experience.[3]

Reasons for additional licensure type for structural engineers

The Florida Board of Professional Engineers, the Florida Engineering Society, the Florida Institute of Consulting Engineers, and the Florida Structural Engineers Association all support the creation of an additional licensure type for structural engineers in Florida due to the technical nature of the profession, evolving technology, increased consumer expectations and other emerging issues, including state hurricane wind-force requirements.[4]

These organizations have called attention to how important the adequate practice of engineering is to the general public health and safety and the maintenance of the integrity of the design of buildings. They believe it is imperative to ensure that engineers are adequately educated and trained in the specific area of structural engineering. In addition, Structural Engineers International, the Council of American Structural Engineers, the National Council of Structural Engineers Associations, and the National Council of Examiners for Engineering and Surveying all support separate licensure for structural engineers.[5]

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[1] The Florida Board of Professional Engineers, http://www.fbpe.org/about-fbpe (last visited Feb. 2, 2015).

[2] The Florida Board of Professional Engineers, *The Florida Engineers Management Corporation*, http://www.fbpe.org/about-femc (last visited Feb. 2, 2015).

[3] s. 471.015, F.S.

[4] Florida Structural Engineering Association, http://www.flsea.com/ (last visited Feb. 6, 2015).

[5] Id.

Effect of the Bill

The bill adds the title "registered engineers" to the current list of titles prohibited from being used by anyone other than a licensed engineer.

The bill prohibits any person other than a duly licensed structural engineer from practicing structural engineering and from using the title "licensed structural engineer," or any other title tending to indicate licensure as a structural engineer in this state, beginning March 1, 2019.

The bill defines a structural engineer as a person licensed to practice structural engineering and defines "structural engineering" as a service or creative work that includes the structural analysis and design of threshold buildings. The definition includes "engineering," as currently defined in the chapter. Threshold buildings are defined in current law as any building which is greater than three stories or 50 feet in height, or which has an occupancy which exceeds 5,000 square feet and an occupant content of greater than 500 persons.[6]

The bill incorporates "structural engineer" throughout ch. 471, F.S., related to the licensing and regulation of engineers. In those parts of the chapter where "structural engineer" is not used or specifically named, current law would automatically include them by the use of generic terms like "applicant," "application," "person," "license," and "licensee." By creating the license type of "structural engineer," it appears that all applicants and licensees will be treated similarly, including, but not limited to, the parts of the chapter related to exemptions, qualifications, fees, examinations, licensure, reactivation, use of seals, prohibitions, disciplinary proceedings, and other general provisions.

The bill requires structural engineers to meet certain qualifications prior to licensure. A structural engineer applicant must have good moral character, must be certified by the board as qualified to practice structural engineering and meet the following criteria:

1. Hold a license under this chapter as an engineer or qualify for licensure as an engineer;
2. Submit an application in the format prescribed by the board;
3. Pay a fee established by the board under s. 471.011, F.S.;
4. Provide satisfactory evidence of good moral character, as defined by the board;
5. Provide a record of 4 years of active structural engineering experience, as defined by the board, under the supervision of a licensed professional engineer; and
6. Pass the National Council of Examiners for Engineering and Surveying Structural Engineering Examination.

The bill provides for a "grandfathering" provision or an exception to the examination requirement to those applicants who, before February 28, 2019, satisfy requirements 1-5 above and submit a signed affidavit in the format prescribed by the board indicating the applicant is currently a licensed engineer in the state and has been engaged in the practice of structural engineering with a record of at least 4 years of active structural engineering experience. It also requires the applicant to attest that they are willing to meet with the board, if requested, for the purpose of evaluating the applicant's qualifications for licensure.

The bill allows for simultaneous application for both an engineer license and a structural engineer license. An applicant who is qualified for licensure as an engineer under the chapter's licensing and qualifications provisions may simultaneously apply for licensure as a structural engineer if all requirements of s. 471.013, F.S., and s. 471.015(3), F.S., are met.

The bill includes structural engineering in the provisions that provide for licensure of applicants currently licensed in other states.

[6] s. 553.71, F.S.

The bill modifies the section that exempts certain persons working for certain corporations that manufacture products and certain defense and aerospace companies from the prohibition related to the use of the title "engineer." The bill would allow those persons to use the title engineer but prohibits those persons from using titles that would indicate licensure as an engineer or structural engineer. Those added titles include: "licensed engineer," "licensed professional engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," and "structural engineer."

B. SECTION DIRECTORY:

Section 1 amends s. 471.003, F.S.:

- Adds "registered engineer" to titles prohibited from use by unlicensed persons;
- Creates additional license type for "structural engineers" to practice structural engineering;
- Prohibits anyone other than a licensed structural engineer from practicing structural engineering and from using certain titles effective March 1, 2019; and
- Adds "structural engineer" to certain exemptions for persons permitted to use the title "engineer."

Section 2 amends s. 471.0005, F.S., creating a definition for "licensed structural engineer," and "structural engineering."

Section 3 amends s. 471.011, F.S., to include structural engineers and structural engineering in the current fee structure for the regulation of engineering.

Section 4 amends s. 471.013, F.S., to include structural engineers in current examination prerequisites.

Section 5 amends s. 471.015, F.S., to create requirements for licensure as a structural engineer.

Section 6 amends s. 471.019, F.S., to include structural engineer into current reactivation requirements.

Section 7 amends s. 471.025, F.S., to include structural engineers in the prohibitions related to the use of the seal when a license is suspended or revoked.

Section 8 amends s. 471.031, F.S., to include structural engineers in the prohibitions and penalty section, prohibiting anyone from practicing structural engineering or using such title unless licensed, effective March 1, 2019.

Section 9 amends s. 471.033, F.S., to include structural engineers in the disciplinary provisions currently established for engineers.

Section 10 amends s. 471.037, F.S., to include structural engineers in the provision allowing local building codes to be more restrictive than state law.

Section 11 provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   Minimal. The Florida Board of Professional Engineers does not expect the number of applications to dramatically increase.[7]

2. Expenditures:

   Minimal. The Florida Board of Professional Engineers has indicated that no additional resources will be required.[8]

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

B. RULE-MAKING AUTHORITY:

The bill gives rule making authority to the Florida Board of Professional Engineers to implement licensing and regulatory provisions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Section 5 of the bill creates a "grandfathering" provision for applicants who prior to February 28, 2019, satisfy requirements 1-5 of s. 471.015(3), F.S. However, requirement number 5 requires the applicant to have 4 years of active structural engineering experience under the "supervision" of a licensed

[7] Email from Thomas Grogan, Licensure Committee Chairman, the Florida Structural Engineering Association, FW: FW: SE Licensure discussions with Business and Professions Subcommittee (Jan. 27, 2015).

[8] Email from Thomas Grogan, Licensure Committee Chairman, the Florida Structural Engineering Association, FW: FW: SE Licensure discussions with Business and Professions Subcommittee (Jan. 27, 2015).

professional engineer. It is unclear whether it is intended to require currently practicing structural engineers that apply under the grandfathering provision to have had such supervision.

Section 5 also creates two ways for both an engineer and/or a structural engineer to obtain licensure in the state by endorsement. However, it is unclear whether it is intended for structural engineers to be licensed by endorsement in accordance with s. 471.015(4)(a), F.S., or only in accordance with s. 471.015(4)(b), F.S., and this may need to be clarified.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 10, 2015, the Business & Professions Subcommittee considered a strike-all amendment and reported the bill favorably as a committee substitute. The adopted strike-all amendment made the following changes to the filed version of the bill:

- Provides an effective date of March 1, 2019, for the prohibition against anyone other than a licensed structural engineer practicing structural engineering and using certain titles;
- Changes the definition of "structural engineering;"
- Includes structural engineers in current law for engineers throughout the chapter, including, but not limited to, examination prerequisites, exemptions, reactivation requirements, prohibitions related to the use of the seal, disciplinary provisions and local building code restrictions; and
- Changes the deadline for applying under the "grandfathering" provision to February 28, 2019.

The staff analysis is drafted to reflect the committee substitute.

A bill to be entitled

An act relating to engineers; amending s. 471.003, F.S.; prohibiting a person who is not licensed as an engineer or a structural engineer from using specified names and titles or practicing engineering or structural engineering; exempting certain persons from the licensing requirements; amending s. 471.005, F.S.; providing definitions; amending s. 471.011, F.S.; establishing various fees for the examination and licensure of structural engineers; amending s. 471.013, F.S.; revising provisions authorizing the Board of Professional Engineers to refuse to certify an applicant due to lack of good moral character to include structural engineer licensure applicants, to conform; amending s. 471.015, F.S.; providing licensure and application requirements for a structural engineer license; exempting under certain conditions a structural engineer who applies for licensure before a specified date from passage of a certain national examination; requiring the board to certify certain applicants for licensure by endorsement; amending ss. 471.019 and 471.025, F.S.; revising continuing education requirements for reactivation of a license and provisions requiring an engineer with a revoked or suspended license to surrender his or her seal, respectively, to include

structural engineers, to conform; amending s. 471.031, F.S.; prohibiting specified persons from using specified names and titles; amending s. 471.033, F.S.; providing various acts which constitute grounds for disciplinary action against a structural engineer, to which penalties apply; amending s. 471.037, F.S.; revising applicability, to conform to changes made by the act; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) and paragraphs (f) and (i) of subsection (2) of section 471.003, Florida Statutes, are amended to read:

471.003 Qualifications for practice; exemptions.—

(1)(a) No person other than a duly licensed engineer shall practice engineering or use the name or title of "licensed engineer," "professional engineer," "registered engineer," or any other title, designation, words, letters, abbreviations, or device tending to indicate that such person holds an active license as an engineer in this state.

(b) Beginning March 1, 2019, no person other than a duly licensed structural engineer shall practice structural engineering or use the name or title of "licensed structural engineer," "professional structural engineer," "registered structural engineer," "structural engineer," or any other title,

designation, words, letters, abbreviations, or device tending to indicate that such person holds an active license as a structural engineer in this state.

(2) The following persons are not required to be licensed under the provisions of this chapter as a licensed engineer or structural engineer:

(f) Any person as contractor in the execution of work designed by a professional engineer or structural engineer or in the supervision of the construction of work as a foreman or superintendent.

(i) Any general contractor, certified or registered pursuant to the provisions of chapter 489, when negotiating or performing services under a design-build contract as long as the engineering services offered or rendered in connection with the contract are offered and rendered by an engineer or structural engineer licensed in accordance with this chapter.

Section 2. Subsections (14) and (15) are added to section 471.005, Florida Statutes, to read:

471.005 Definitions.—As used in this chapter, the term:

(14) "Licensed structural engineer," "professional structural engineer," "registered structural engineer," or "structural engineer" means a person who is licensed to engage in the practice of structural engineering under this chapter.

(15) "Structural engineering" means an engineering service or creative work that includes the structural analysis and design of structural components or systems for threshold

buildings as defined in s. 553.71. The term includes engineering, as defined in subsection (7), that requires significant structural engineering education, training, experience, and examination, as defined by the board.

Section 3. Subsections (1) and (6) of section 471.011, Florida Statutes, are amended to read:

471.011 Fees.—

(1) The board by rule may establish fees to be paid for applications, examination, reexamination, licensing and renewal, inactive status application and reactivation of inactive licenses, and recordmaking and recordkeeping. The board may also establish by rule a delinquency fee. The board shall establish fees that are adequate to ensure the continued operation of the board. Fees shall be based on department estimates of the revenue required to implement this chapter and the provisions of law with respect to the regulation of engineers and structural engineers.

(6) The fee for a temporary registration or certificate to practice engineering or structural engineering shall not exceed $25 for an individual or $50 for a business firm.

Section 4. Paragraph (a) of subsection (2) of section 471.013, Florida Statutes, is amended to read:

471.013 Examinations; prerequisites.—

(2)(a) The board may refuse to certify an applicant for failure to satisfy the requirement of good moral character only if:

1. There is a substantial connection between the lack of good moral character of the applicant and the professional responsibilities of a licensed engineer or structural engineer; and

2. The finding by the board of lack of good moral character is supported by clear and convincing evidence.

Section 5. Subsections (3) through (7) of section 471.015, Florida Statutes, are renumbered as subsections (4) through (8), respectively, present subsection (3) is amended, and a new subsection (3) is added to that section to read:

471.015 Licensure.—

(3)(a) The management corporation shall issue a structural engineer license to any applicant who the board certifies as qualified to practice structural engineering and who:

1. Is licensed under this chapter as an engineer or is qualified for licensure as an engineer.

2. Submits an application in the format prescribed by the board.

3. Pays a fee established by the board under s. 471.011.

4. Provides satisfactory evidence of good moral character, as defined by the board.

5. Provides a record of 4 years of active structural engineering experience, as defined by the board, under the supervision of a licensed professional engineer.

6. Has successfully passed the National Council of Examiners for Engineering and Surveying structural engineering

examination.

(b) Before February 28, 2019, an applicant who satisfies subparagraphs 1.-5. may satisfy subparagraph 6. by submitting a signed affidavit in the format prescribed by the board that states:

1. The applicant is currently a licensed engineer in the state and has been engaged in the practice of structural engineering with a record of at least 4 years of active structural engineering experience.

2. The applicant is willing to meet with the board or a representative of the board, upon its request, for the purpose of evaluating the applicant's qualifications for licensure.

(c) An applicant who is qualified for licensure as an engineer under s. 471.013 may simultaneously apply for licensure as a structural engineer if all requirements of s. 471.013 and this subsection are met.

(4)~~(3)~~ The board shall certify as qualified for a license by endorsement an applicant who:

(a) Qualifies to take the fundamentals examination and the principles and practice examination as set forth in s. 471.013, has passed a United States national, regional, state, or territorial licensing examination that is substantially equivalent to the fundamentals examination and principles and practice examination required by s. 471.013, and has satisfied the experience requirements set forth in s. 471.013; or

(b) Holds a valid license to practice engineering or, for

structural engineer applicants, a license to practice structural engineering issued by another state or territory of the United States, if the criteria for issuance of the license were substantially the same as the licensure criteria that existed in this state at the time the license was issued.

Section 6. Section 471.019, Florida Statutes, is amended to read:

471.019 Reactivation.—The board shall prescribe by rule continuing education requirements for reactivating a license. The continuing education requirements for reactivating a license for a licensed engineer or structural engineer may not exceed 12 classroom hours for each year the license was inactive.

Section 7. Subsection (2) of section 471.025, Florida Statutes, is amended to read:

471.025 Seals.—

(2) It is unlawful for any person to seal or digitally sign any document with a seal or digital signature after his or her license has expired or been revoked or suspended, unless such license is ~~has been~~ reinstated or reissued. When an engineer's or structural engineer's license is ~~has been~~ revoked or suspended by the board, the licensee shall, within a period of 30 days after the revocation or suspension has become effective, surrender his or her seal to the executive director of the board and confirm to the executive director the cancellation of the licensee's digital signature in accordance with ss. 668.001-668.006. In the event the engineer's license

has been suspended for a period of time, his or her seal shall be returned to him or her upon expiration of the suspension period.

Section 8. Paragraphs (b) through (g) of subsection (1) of section 471.031, Florida Statutes, are redesignated as paragraphs (c) through (h), respectively, present paragraph (b) is amended, and a new paragraph (b) is added to that subsection to read:

471.031 Prohibitions; penalties.—

(1) A person may not:

(b) Beginning March 1, 2019, practice structural engineering unless the person is licensed as a structural engineer or exempt from licensure under this chapter.

(c) ~~(b)~~ 1. Except as provided in subparagraph 2. or subparagraph 3., use the name or title "professional engineer" or any other title, designation, words, letters, abbreviations, or device tending to indicate that such person holds an active license as an engineer when the person is not licensed under this chapter, including, but not limited to, the following titles: "agricultural engineer," "air-conditioning engineer," "architectural engineer," "building engineer," "chemical engineer," "civil engineer," "control systems engineer," "electrical engineer," "environmental engineer," "fire protection engineer," "industrial engineer," "manufacturing engineer," "mechanical engineer," "metallurgical engineer," "mining engineer," "minerals engineer," "marine engineer,"

"nuclear engineer," "petroleum engineer," "plumbing engineer," "structural engineer," "transportation engineer," "software engineer," "computer hardware engineer," or "systems engineer."

2. Any person who is exempt from licensure under s. 471.003(2)(j) may use the title or personnel classification of "engineer" in the scope of his or her work under that exemption if the title does not include or connote the term "licensed engineer," "professional engineer," "registered engineer," "licensed professional engineer," ~~"licensed engineer,"~~ "registered professional engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," or "structural engineer." ~~or "licensed professional engineer."~~

3. Any person who is exempt from licensure under s. 471.003(2)(c) or (e) may use the title or personnel classification of "engineer" in the scope of his or her work under that exemption if the title does not include or connote the term "licensed engineer," "professional engineer," "registered engineer," "licensed professional engineer," ~~"licensed engineer,"~~ "registered professional engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," or "structural engineer," ~~or "licensed professional engineer"~~ and if that person is a graduate from an approved engineering curriculum of 4 years or more in a school, college, or university which has been approved by the board.

Section 9. Paragraph (e) of subsection (1) and subsection (4) of section 471.033, Florida Statutes, is amended to read:

471.033 Disciplinary proceedings.—

(1) The following acts constitute grounds for which the disciplinary actions in subsection (3) may be taken:

(e) Making or filing a report or record that the licensee knows to be false, willfully failing to file a report or record required by state or federal law, willfully impeding or obstructing such filing, or inducing another person to impede or obstruct such filing. Such reports or records include only those that are signed in the capacity of a licensed engineer or structural engineer.

(4) The management corporation shall reissue the license of a disciplined engineer, structural engineer, or business upon certification by the board that the disciplined person has complied with all of the terms and conditions set forth in the final order.

Section 10. Subsection (1) of section 471.037, Florida Statutes, is amended to read:

471.037 Effect of chapter locally.—

(1) Nothing contained in this chapter shall be construed to repeal, amend, limit, or otherwise affect any local building code or zoning law or ordinance, now or hereafter enacted, which is more restrictive with respect to the services of licensed engineers or structural engineers than the provisions of this chapter.

Section 11. This act shall take effect July 1, 2015.

REGULATORY AFFAIRS COMMITTEE

CS/HB 217 by Rep. Van Zant
Engineers

AMENDMENT SUMMARY
March 5, 2015

Amendment 1 by Rep. Van Zant (Lines 133-158): Clarifying that current engineers practicing structural engineering can meet certain licensing requirements for a structural engineer license by filing an affidavit indicating the required experience, correcting numbering references, and clarifying the licensure by endorsement process for out of state applicants.

Amendment 2 by Rep. Van Zant (Lines 240-246): Adds "structural engineers" and "structural engineering" to the disciplinary section.

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. CS/HB 217 (2015)

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION	
ADOPTED	__ (Y/N)
ADOPTED AS AMENDED	__ (Y/N)
ADOPTED W/O OBJECTION	__ (Y/N)
FAILED TO ADOPT	__ (Y/N)
WITHDRAWN	__ (Y/N)
OTHER	_____

Committee/Subcommittee hearing bill: Regulatory Affairs Committee

Representative Van Zant offered the following:

Amendment

Remove lines 133-158 and insert:

subparagraphs 1.-4. may satisfy subparagraphs 5. and 6. by submitting a signed affidavit in the format prescribed by the board that states:

1. The applicant is currently a licensed engineer in the state and has been engaged in the practice of structural engineering with a record of at least 4 years of active structural engineering experience.

2. The applicant is willing to meet with the board or a representative of the board, upon its request, for the purpose of evaluating the applicant's qualifications for licensure.

(c) An applicant who is qualified for licensure as an

engineer under s. 471.013 may simultaneously apply for licensure as a structural engineer if all requirements of s. 471.013 and this subsection are met.

(4) ~~(3) The board shall certify as qualified for a license by endorsement an applicant who:~~

(a) The board shall certify as qualified for a license in engineering by endorsement an applicant who qualifies ~~Qualifies~~ to take the fundamentals examination and the principles and practice examination as set forth in s. 471.013, has passed a United States national, regional, state, or territorial licensing examination that is substantially equivalent to the fundamentals examination and principles and practice examination required by s. 471.013, and has satisfied the experience requirements set forth in s. 471.013; or

(b) The board shall certify as qualified for a license in engineering or structural engineering by endorsement an applicant who holds ~~Holds~~ a valid license to practice engineering or, for structural engineering applicants, a valid license to practice structural engineering issued by another state or territory of the United

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. CS/HB 217 (2015)

Amendment No. 2

COMMITTEE/SUBCOMMITTEE ACTION	
ADOPTED	__ (Y/N)
ADOPTED AS AMENDED	__ (Y/N)
ADOPTED W/O OBJECTION	__ (Y/N)
FAILED TO ADOPT	__ (Y/N)
WITHDRAWN	__ (Y/N)
OTHER	_____

Committee/Subcommittee hearing bill: Regulatory Affairs Committee

Representative Van Zant offered the following:

Amendment (with directory amendment)

Remove lines 240-246 and insert:

(b) Attempting to procure a license to practice engineering or structural engineering by bribery or fraudulent misrepresentations.

(c) Having a license to practice engineering or structural engineering revoked, suspended, or otherwise acted against, including the denial of licensure, by the licensing authority of another state, territory, or country, for any act that would constitute a violation of this chapter or chapter 455.

(d) Being convicted or found guilty of, or entering a plea of nolo contendere to, regardless of adjudication, a crime in any jurisdiction which directly relates to the practice of

engineering, structural engineering or the ability to practice engineering or structural engineering.

(e) Making or filing a report or record that the licensee knows to be false, willfully failing to file a report or record required by state or federal law, willfully impeding or obstructing such filing, or inducing another person to impede or obstruct such filing. Such reports or records include only those that are signed in the capacity of a licensed engineer or licensed structural engineer.

(g) Engaging in fraud or deceit, negligence, incompetence, or misconduct, in the practice of engineering or structural engineering.

D I R E C T O R Y A M E N D M E N T

Remove line 235 and insert:

Section 9. Paragraphs (b)-(e) and (g) of subsection (1) and subsection

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 273 Insurer Notifications
SPONSOR(S): Insurance & Banking Subcommittee; Perry
TIED BILLS: **IDEN./SIM. BILLS:** SB 202

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 0 N, As CS	Cooper	Cooper
2) Regulatory Affairs Committee		Cooper	Hamon

SUMMARY ANALYSIS

Section 627.421, F.S., requires every insurance policy to be mailed, delivered or electronically transmitted to the insured (policyholder) within 60 days after the insurance takes effect. The law also contains specific electronic delivery parameters for insurance covering commercial risks. Also, subject to certain conditions, property and casualty insurers are allowed to post policies on the insurer's website instead of mailing, delivering or electronically transmitting the policies to insureds.

For personal lines insurance, the bill allows insurers to deliver policy documents, including policies, endorsements, notices, or other documents, by electronic means in lieu of delivery by mail if the policyholder affirmatively elects electronic delivery.

Under current law, to make a change in the terms of a property and casualty insurance contract, the insurer must give the policyholder a written Notice of Change in Policy Terms with the policy renewal notice, and the policy renewal notice must be provided to the policyholder in accordance with current law, which requires insurers to give notice of renewal 45 days prior to the renewal date. A policyholder is deemed to accept the policy term change if the renewal premium is paid. If the insurer does not provide the Notice of Change in Policy Terms to the policyholder, the terms of the insurance policy are not changed.

The bill allows an insurer to send a Notice of Change of Policy Terms separate from the renewal notice as long as the notice is sent within the policy nonrenewal time limits in current law. Generally, the nonrenewal time limits are notice at least 100 days prior to the effective date of the nonrenewal. For any nonrenewal that takes effect between June 1st and November 30th, at least 100 days written notice, or notice by June 1st, whichever is earlier, is required. Furthermore, policyholders with property insured by the same insurer for five years or more receive 120 days' notice of nonrenewal instead of 100 days' notice. Thus, the bill requires a Notice of Change of Policy Terms to be given sooner when it is not included with the renewal notice.

The bill also requires the insurer to provide the policyholder's insurance agent with a sample copy of the Notice of Change of Policy Terms before or at the same time as the Notice is provided to the policyholder.

If an insurer seeks to offer optional coverage (that increases the premium) as a part of a renewal policy, the bill prohibits the insurer from using the "Notice of Change in Policy Terms" to add the optional coverage to the policy unless the policyholder affirmatively approves.

The bill has no fiscal impact on state or local government. Property and casualty insurers who choose to provide a Notice of Change of Policy Terms by mail, separate from the renewal notice, may incur additional costs associated with printing and mailing this Notice. On the other hand, insurers who utilize the electronic delivery option should experience cost savings.

The bill is effective on July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Electronic Delivery of Insurance Policies

Section 627.421, F.S., requires every insurance policy[1] to be mailed, delivered, or electronically transmitted to the insured (policyholder) within 60 days after the insurance takes effect. Insurance policies are typically only delivered when the policy is issued and are not delivered each time the policy is renewed. Regarding electronic transmission, the law also contains specific delivery parameters for insurance covering commercial risks. Also, subject to certain conditions, property and casualty insurers are allowed to post policies on the insurer's website instead of mailing, delivering or electronically transmitting the policies to insureds.

The Federal Electronic Signatures in Global and National Commerce Act (E-SIGN) applies to electronic transactions involving interstate commerce.[2] Insurance is specifically included in E-SIGN.[3] E-SIGN provides contracts formed using electronic signatures on electronic records will not be denied legal effect only because they are electronic. However, E-SIGN requires consumer disclosure and consent to electronic records in certain instances before electronic records will be given legal effect. Under E-SIGN, if a statute requires information to be provided or made available to a consumer in writing, the use of an electronic record to provide or make the information available to the consumer will satisfy the statute's requirement of writing if the consumer affirmatively consents to use of an electronic record. The consumer must also be provided with a statement notifying the consumer of the right to have the electronic information made available in a paper format and of the right to withdraw consent to electronic records, among other notifications.

In addition, s. 668.50, F.S., Florida's Uniform Electronic Transaction Act (UETA), is similar to the federal E-SIGN law. UETA specifically applies to insurance and provides a requirement in statute that information that must be delivered in writing to another person can be satisfied by delivering the information electronically if the parties have agreed to conduct a transaction by electronic means.

For personal lines insurance,[4] the bill allows insurers to deliver policy documents by electronic means in lieu of delivery by mail if the policyholder affirmatively elects electronic delivery. The bill does not likely implicate E-SIGN or UETA because it requires the affirmative consent of the policyholder before the electronic delivery of insurance policy documents.

Change of Policy Terms In Insurance Policies

Under current law, to make a change in the terms of a property and casualty insurance contract, the insurer must give the policyholder a written Notice of Change in Policy Terms[5] with the policy renewal notice and the policy renewal notice must be provided to the policyholder in accordance with current law, which requires insurers to give notice of renewal 45 days prior to the renewal date.[6] A policyholder

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[1] s. 627.402, F.S., defines policy to include endorsements, riders, clauses, and papers that are part of such policy. Reinsurance, wet marine and transportation insurance, title insurance, and credit life or credit disability insurance policies do not have to be mailed or delivered. (see s. 627.401, F.S.). See also s. 627.43141(1) (b), F.S., where the definition for "policy" for property and casualty insurance is the same.

[2] Section 101, Electronic Signatures in Global and National Commerce Act, Pub. L. no. 106-229, 114 Stat 464 (2000). Many of the provisions of E-SIGN took effect October 1, 2000.

[3] *Id.*

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

[5] s. 627.43141(1) (a), F.S., defines change in policy terms to mean "the modification, addition, or deletion of any term , coverage, duty, or condition from the previous policy. The correction of typographical or scrivener's errors or the application of mandated legislative changes is not a change in policy terms."

[6] s. 627.43141, F.S.

is deemed to accept the policy term change if the renewal premium is paid. If the insurer does not provide the Notice of Change in Policy Terms to the policyholder, the terms of the insurance policy are not changed.

The bill allows an insurer to send a Notice of Change of Policy Terms separate from the renewal notice as long as the notice is sent within the policy nonrenewal time limits in current law. Generally, the nonrenewal time limits are notice at least 100 days prior to the effective date of the nonrenewal.[7] And, for any nonrenewal that takes effect between June 1st and November 30th, at least 100 days written notice, or notice by June 1st, whichever is earlier, is required. Furthermore, policyholders with property insured by the same insurer for five years or more receive 120 days' notice of nonrenewal instead of 100 days' notice. Thus, the bill requires a Notice of Change of Policy Terms to be given sooner when it is not included with the renewal notice.

The bill also requires the insurer to provide the policyholder's insurance agent with a sample copy of the Notice of Change of Policy Terms before or at the same time as the Notice is provided to the policyholder.

New procedures for offering optional coverage as a part of the Notice of Change of Policy Terms are delineated in the bill. Optional coverage is defined to mean the addition of new insurance coverage that has not previously been requested or approved by the policyholder but that does not include any change to the base policy or a deductible or an insurance limit. The bill further provides that a renewal policy that includes the addition of optional coverage that increases the premium to a policyholder may not use the "Notice of Change in Policy Terms" to add the optional coverage to the policy unless the policyholder affirmatively indicates to the insurer or agent that the policyholder approves the addition of the optional coverage.

B. SECTION DIRECTORY:

Section 1: Amends s. 627.421, F.S., relating to delivery of policy.

Section 2: Amends s. 627.43141, F.S., relating to notice of change in policy terms.

Section 3: Provides an effective date of July 1, 2015.

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.

[7] A 45-day notice of cancellation or nonrenewal, rather than the 100-day or 120-day notice is allowed if the OIR determines early cancellation of some or all of an insurer's property insurance policies is necessary to protect the best interest of the public or the policyholders. (s. 627.4133(2)(b)5., F.S.)

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Property and casualty insurers who choose to provide a Notice of Change of Policy Terms by mail, separate from the renewal notice, may incur additional costs associated with printing and mailing this Notice. On the other hand, insurers who utilize the electronic delivery option should experience cost savings.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 4, 2015, the Insurance & Banking Subcommittee adopted two amendments and reported the bill favorably as a committee substitute. The first amendment defined optional coverage and prohibited the use of "notice of change in policy terms" for that coverage unless certain conditions are met. The second amendment conformed the bill to the substantively identical provision in HB 165, accommodating non-substantive bill drafting differences between the two bills.

The staff analysis is drafted to reflect the committee substitute as passed by the Insurance & Banking Subcommittee.

A bill to be entitled

An act relating to insurer notifications; amending s. 627.421, F.S.; authorizing a policyholder of personal lines insurance to elect delivery of policy documents by electronic means; amending s. 627.43141, F.S.; defining the term "optional coverage"; revising the requirements applicable to insurers when providing a notice of change in policy terms for a renewal policy to include the requirement that the notice be an advance notice; authorizing such notice to be sent separately from the notice of renewal premium within a specified timeframe; requiring the insurer to provide a sample copy of the notice of change in policy terms to the insurance agent at a specified time; prohibiting the use of such notice to add optional coverage that increases the policy's premium unless the policyholder approves the additional optional coverage; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 627.421, Florida Statutes, is amended to read:

627.421 Delivery of policy.—

(1) Subject to the insurer's requirement as to payment of premium, every policy shall be mailed, delivered, or

electronically transmitted to the insured or to the person entitled thereto not later than 60 days after the effectuation of coverage. Notwithstanding any other provision of law, an insurer may allow a policyholder of personal lines insurance to affirmatively elect delivery of the policy documents, including, but not limited to, policies, endorsements, notices, or documents, by electronic means in lieu of delivery by mail. Electronic transmission of a policy for commercial risks, including, but not limited to, workers' compensation and employers' liability, commercial automobile liability, commercial automobile physical damage, commercial lines residential property, commercial nonresidential property, farmowners insurance, and the types of commercial lines risks set forth in s. 627.062(3)(d), constitutes ~~shall constitute~~ delivery to the insured or to the person entitled to delivery, unless the insured or the person entitled to delivery communicates to the insurer in writing or electronically that he or she does not agree to delivery by electronic means. Electronic transmission shall include a notice to the insured or to the person entitled to delivery of a policy of his or her right to receive the policy via United States mail rather than via electronic transmission. A paper copy of the policy shall be provided to the insured or to the person entitled to delivery at his or her request.

Section 2. Paragraphs (b) and (c) of subsection (1) of section 627.43141, Florida Statutes, are redesignated as

paragraphs (c) and (d), respectively, and a new paragraph (b) is added to that subsection, subsection (2), is amended, subsections (3) through (6) of that section are renumbered as subsections (4) through (7), respectively, and a new subsection (3) is added to that section, to read:

627.43141 Notice of change in policy terms.—

(1) As used in this section, the term:

(b) "Optional coverage" means the addition of new insurance coverage that has not previously been requested or approved by the policyholder but that does not include any change to the base policy or a deductible or an insurance limit.

(2) A renewal policy may contain a change in policy terms. If ~~a renewal policy does contain~~ such change occurs, the insurer shall ~~must~~ give the named insured advance written notice of the change, which may ~~must~~ be enclosed along with the written notice of renewal premium required under ~~by~~ ss. 627.4133 and 627.728 or sent separately within the timeframe required under the Florida Insurance Code for the provision of a notice of nonrenewal to the named insured for that line of insurance. The insurer must also provide a sample copy of the notice to the named insured's insurance agent before or at the same time that notice is provided to the named insured. Such notice shall be entitled "Notice of Change in Policy Terms."

(3) A renewal policy, which includes the addition of optional coverage that increases the premium to a policyholder, may not use the Notice of Change in Policy Terms to add the

optional coverage to the policy unless the policyholder affirmatively indicates to the insurer or agent that the policyholder approves the addition of the optional coverage.

Section 3. This act shall take effect July 1, 2015.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 277 Public Lodging Establishments
SPONSOR(S): Veteran & Military Affairs Subcommittee; Business & Professions Subcommittee; Hager and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 394

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee	13 Y, 0 N, As CS	Butler	Luczynski
2) Veteran & Military Affairs Subcommittee	13 Y, 0 N, As CS	Renner	Kiner
3) Regulatory Affairs Committee		Butler BSB	Hamon K.W.H.

SUMMARY ANALYSIS

With parental consent, an individual may join one of the United States Armed Forces upon reaching the age of 17. Florida has 20 major military installations throughout the state and over 61,000 active duty military personnel stationed in Florida.

While being employed by the military, or when traveling for military and personal purposes, these individuals will sometimes be required to procure accommodations at a public lodging establishment in the State of Florida. In some cases, public lodging establishments in Florida restrict renting to individuals over a certain age, with restrictions in place as high as 25 years of age.

The bill requires a public lodging establishment classified as a hotel, motel, or bed and breakfast inn to waive any minimum age policy it may have that restricts accommodations to individuals based on age for individuals who are currently on active duty as a member of the United States Armed Forces, the National Guard, Reserve Forces, or Coast Guard and who present a valid military identification card.

Duplication of the presented military identification card is prohibited by this bill.

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

The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Public Lodging Establishments

The Division of Hotels and Restaurants (Division) within the Department of Business and Professional Regulation (Department) is the state agency charged with enforcing the provisions of ch. 509, F.S., and all other applicable laws relating to the inspection and regulation of public lodging establishments[1] and public food service establishments for the purpose of protecting the public health, safety, and welfare.

Section 509.092, F.S., allows an operator of a public lodging establishment to refuse accommodations or services to any person who is "objectionable or undesirable to the operator; however, such refusal may not be based upon race, creed, color, sex, physical disability, or national origin." Notably, operators may refuse to accommodate a person based on age, and many hotels set a minimum age requirement for renting, in some circumstances up to 21 or 25 years of age.[2]

United States Armed Forces

The United States Armed Forces consist of the Air Force, Army, Coast Guard, Marines, and Navy.[3] Florida Statutes define the term "servicemember" to mean "any person serving as a member of the United States Armed Forces on active duty or state active duty and all members of the Florida National Guard and United States Reserve Forces.[4] In order to join the United States Armed Forces, an individual must be at least 17 years of age (17-year old applicants require parental consent).[5]

Florida has 20 major military installations[6] over 65,000 active duty military personnel,[7] about 12,000 National Guard personnel,[8] and over 40,000 Reserves[9] stationed in Florida.

Effect of the Bill

The bill requires a public lodging establishment classified as a hotel, motel, or bed and breakfast inn to waive any minimum age policy it may have that restricts accommodations to individuals based on age for individuals who are currently on active duty as a member of the United States Armed Forces, the National Guard, Reserve Forces, or Coast Guard and who present a valid military identification card. This includes individuals who are currently 17 and who have joined a military branch with parental consent.

Duplication of the presented military identification card is prohibited by this bill.

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[1] *See* s. 509.242, F.S., (listing public lodging establishment classifications).
[2] Lisa Fritscher, *Minimum Age Requirement for Renting Hotel Rooms*, USATODAY, http://traveltips.usatoday.com/minimum-age-requirement-renting-hotel-rooms-61923.html (last visited Jan. 22, 2015).
[3] 10 U.S.C. § 101(a)(4) (2012).
[4] s. 250.01(19), F.S.
[5] 10 U.S.C. § 505 (2012).
[6] Enterprise Florida, *Defense & Homeland Security Industry Brief* 2, *available at* http://www.enterpriseflorida.com/wp-content/uploads/brief-defense-homeland-security-florida.pdf (May 2014).
[7] Governing.com, *Military Active-Duty Personnel, Civilians by State*, http://www.governing.com/gov-data/military-civilian-active-duty-employee-workforce-numbers-by-state.html (Aug. 30, 2013).
[8] Florida Department of Military Affairs, *Department of Military Affairs Mission*, http://dma.myflorida.com/about-us/ (last visited Feb. 26, 2015).
[9] About.com, *U.S. Military Major Bases and Installations*, http://usmilitary.about.com/library/milinfo/statefacts/blfl.htm (last visited Feb. 26, 2015).

Accommodations at public lodging establishments are a form of either express or implied contract, and generally such establishments require the individual who is renting to be of legal age to form a contract.[10] Individuals who are under the age of 18 are able to form contracts; however, these contracts are generally seen as voidable by the minor.[11]

In such cases, it is unclear whether a minor who has not prepaid must fulfill his or her contractual obligations if he or she attempts to void the contract after the accommodations have been provided, but before payment is made. While possible, this scenario is unlikely to happen because the number of 17 year olds on active duty that may need accommodations is low due to the length of training. For example, a 17 year old who joins the Air Force must attend approximately eight weeks of basic military training, followed by technical training which may last between six weeks to two years.[12] As such, it is unlikely that a newly enlisted 17 year old airman would be traveling while training; thus, it is unlikely he or she would need to seek accommodations.

However, to the extent that a 17 year old active duty servicemember may need accommodations, the public lodging establishment may require prepayment as a prerequisite for providing accommodations.

B. SECTION DIRECTORY:

Section 1 creates s. 509.095, F.S., requiring waiver of age requirements for individuals with a valid military identification card.

Section 2 provides an effective date of July 1, 2015.

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:

None.

D. FISCAL COMMENTS:

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[10] *See, e.g., Rabon v. Inn of Lake City, Inc.*, 693 So. 2d 1126, 1132 (Fla. 1d DCA 1997) (stating absent an express contract, "the law implies that the innkeeper contracts to furnish services . . . ").

[11] *Orange Motors of Miami, Inc. v. Miami Nat. Bank*, 227 So. 2d 717, 718 (Fla. 3d DCA 1969).

[12] *See* United States Air Force, *Enlisted Overview*, http://www.airforce.com/joining-the-air-force/enlisted-overview/ (last visited Feb. 26, 2015) (explaining the requirements and training a newly enlisted Air Force servicemember will undergo).

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 3, 2015, the Business & Professions Subcommittee adopted three amendments and reported the bill favorably as a committee substitute. The amendments clarified that the type of identification used in this bill included a valid military identification card or CAC card by an individual on active duty for the United States Armed Forces, National Guard, Reserve Forces, or Coast Guard.

The amendments also clarified that a public lodging establishment must waive their minimum age policy, and that duplication of a military identification card presented is prohibited.

On February 17, 2015, the Veteran & Military Affairs Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removes the CAC card from the proposed language. The term "military identification card", which remains in the bill, is commonly used in statute and includes CAC cards. Thus, removing the CAC card will avoid any potential confusion over proper terminology.

The staff analysis is drafted to reflect the committee substitute.

A bill to be entitled

An act relating to public lodging establishments; creating s. 509.095, F.S.; requiring specified public lodging establishments to waive certain policies for individuals who present a valid military identification card; prohibiting duplication of military identification cards; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 509.095, Florida Statutes, is created to read:

509.095 Accommodations at public lodging establishments for individuals with a valid military identification card.—Upon the presentation of a valid military identification card by an individual who is currently on active duty as a member of the United States Armed Forces, National Guard, Reserve Forces, or Coast Guard, and who seeks to obtain accommodations at a hotel, motel, or bed and breakfast inn, as defined in s. 509.242, such hotel, motel, or bed and breakfast inn shall waive any minimum age policy that it may have which restricts accommodations to individuals based on age. Duplication of a military identification card presented pursuant to this section is prohibited.

Section 2. This act shall take effect July 1, 2015.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 4011 Motor Vehicle Insurance
SPONSOR(S): Insurance & Banking Subcommittee; Goodson
TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 234

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	12 Y, 0 N, As CS	Lloyd	Cooper
2) Regulatory Affairs Committee		Lloyd	Hamon K.W.H.

SUMMARY ANALYSIS

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 becomes effective July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Private passenger motor vehicle insurance is casualty coverage[1] within the personal lines[2] 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.

B. SECTION DIRECTORY:

Section 1: Amends s. 627.041(8), F.S., relating to the definition of "motor vehicle insurance".

Section 2: Amends s. 627.728(1)(a), F.S.; relating to the definition of "policy".

Section 3: Provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

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[1] Section 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] Sections 627.041(8) and 627.728(1)(a), F.S.

[4] Section 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

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 4, 2015, the Insurance & Banking Subcommittee considered the bill, adopted an amendment and reported the bill favorably with a committee substitute. To avoid a conflict in statute, the amendment adds s. 627.728(1)(a), F.S., to the bill for the purpose of repealing the four vehicle limitation from the definition of the term "policy". The staff analysis has been updated to reflect the committee substitute.

A bill to be entitled

An act relating to motor vehicle insurance; amending ss. 627.041 and 627.728, F.S.; revising definitions of the terms "motor vehicle insurance" and "policy," respectively, to remove exclusions for policies that insure more than four automobiles from provisions regulating insurance rates and the cancellation or nonrenewal of motor vehicle insurance contracts; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (8) of section 627.041, Florida Statutes, is amended to read:

627.041 Definitions.—As used in this part:

(8) "Motor vehicle insurance" means a policy of motor vehicle insurance delivered or issued for delivery in the state by an authorized insurer:

(a) Insuring a natural person as the named insured or one or more related individuals resident of the same household, or both; and

(b) Insuring a motor vehicle of the private passenger type or station wagon type, which motor vehicle is not used as public or livery conveyance for passengers or rented to others, or insuring any other four-wheeled motor vehicle having a capacity of 1,500 pounds or less which is not used in the occupation,

profession, or business of the insured, other than farming;

other than any policy issued under an automobile insurance risk apportionment plan~~; or other than any policy insuring more than four automobiles;~~ or other than any policy covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

Section 2. Paragraph (a) of subsection (1) of section 627.728, Florida Statutes, is amended to read:

627.728 Cancellations; nonrenewals.—

(1) As used in this section, the term:

(a) "Policy" means the bodily injury and property damage liability, personal injury protection, medical payments, comprehensive, collision, and uninsured motorist coverage portions of a policy of motor vehicle insurance delivered or issued for delivery in this state:

1. Insuring a natural person as named insured or one or more related individuals resident of the same household; and

2. Insuring only a motor vehicle of the private passenger type or station wagon type which is not used as a public or livery conveyance for passengers or rented to others; or insuring any other four-wheel motor vehicle having a load capacity of 1,500 pounds or less which is not used in the occupation, profession, or business of the insured other than farming; other than any policy issued under an automobile insurance assigned risk plan~~; insuring more than four~~

~~automobiles;~~ or covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

The term "policy" does not include a binder as defined in s. 627.420 unless the duration of the binder period exceeds 60 days.

Section 3. This act shall take effect July 1, 2015.