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Program Review



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Report No. 00-25

License Plate Seizure Program's Error Rate Still High; Program Should Be Abolished

at a glance

To help address the problem of uninsured motorists, the 1995 Legislature directed the Department of Highway Safety and Motor Vehicles (DHSMV) to conduct a pilot program in three counties. This pilot program authorized licensed recovery agents to remove the license plates from vehicles whose owners had not maintained required insurance. The 1999 Legislature amended the law to allow the program to be expanded if certain conditions were met. One of these conditions was that OPPAGA verify that the error rate for valid license plates seized by recovery agents was 2% or less.

A department study conducted in October 2000 determined that the error rate for seized license plates was 34.8%. We reviewed the study's methodology and department data, and concluded that the department's error rate estimate is reasonable. Consequently, the criteria for expanding the pilot program have not been met. The Legislature should abolish the pilot program because of the consistently high error rate, the department's belief that it will be unable to reduce the error rate to the level required by law, and the inconvenience to drivers whose plates are seized in error.

Purpose

In accordance with state law, this report informs the Legislature of OPPAGA's verification of the error rate for valid license plates seized by recovery agents during the period following reorganization of the Department of Highway Safety and Motor Vehicles' vehicle registration database.¹

Background

Noncompliance with state driver insurance requirements is a long-standing problem in Florida.^{2,3} The percentage of uninsured

¹ Chapter 99-248, *Laws of Florida*.

² Florida's vehicle owners or operators may be required to carry two types of insurance. The Florida Motor Vehicle No-Fault Law (ss. 627.730-627.7405, *F.S.*) requires every person who registers a vehicle in Florida to carry personal injury protection and property damage liability insurance on the vehicle. This insurance provides compensation for insured drivers' physical injuries regardless of who is at fault in an accident and for property damage to others when an insured driver is at fault. The Financial Responsibility Law (Ch. 324, *F.S.*), requires drivers to carry additional liability insurance if they have caused accidents involving bodily injury or have been convicted of certain offenses, such as driving under the influence.

³ See *Review of the Uninsured Motorist Program*, OPPAGA [Report No. 95-15](#), December 1995, and *Follow-up Report on the Uninsured Motorist Program Administered by the Florida Department of Highway Safety and Motor Vehicles*, [OPPAGA Report No. 97-20](#), December 1997, for OPPAGA's conclusions and recommendations regarding Florida's

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motorists on Florida highways is uncertain, but department estimates noted in a prior OPPAGA report ranged from 15% to 27%.⁴

To help address the problem of uninsured motorists in Florida, the 1995 Legislature directed the Department of Highway Safety and Motor Vehicles to conduct a pilot program in Broward, Dade, and Hillsborough counties. This pilot program authorized licensed recovery agents to remove the license plates from vehicles owned by or registered to persons whose driver licenses were suspended for not maintaining required insurance.

The department issued a report on the pilot program in October 1996 that indicated the information it was providing recovery agents on vehicles whose license plates were subject to being seized was often inaccurate. Due to database accuracy problems, a large percentage (52%) of vehicles whose license plates were reported as subject to seizure were actually insured. The prevalence of inaccurate information was attributed to several factors, such as delays in insurance companies notifying the department of insurance policy information. A second department study conducted in 1998 determined that during the period from January 1996 through October 1998, the error rate in seized license plates was 53%.

To address the problem of database inaccuracy, the 1999 Legislature amended the law to make the pilot program's expansion contingent upon the department implementing an improved vehicle

problems with uninsured motorists. The issue of uninsured motorists is also being reviewed as part of a current OPPAGA program evaluation and justification review of the department's driver license-related activities.

⁴ We concluded in our *Review of the Uninsured Motorist Program*, OPPAGA [Report No. 95-15](#), December 1995, that there was no verified estimate of the state's percentage of uninsured drivers. We therefore presented a range of estimates based on department data and information from department staff. Department staff are currently considering changing their methodologies for estimating Florida's percentage of uninsured motorists.

registration database and OPPAGA's verification that the error rate in valid license plates seized by recovery agents was 2% or less.⁵ The database referenced in this legislation became operational in September 1999. The legislation also repealed the pilot program on July 1, 2002, unless action was taken by the Legislature.

In Fiscal Year 1999-2000, recovery agents seized 3,333 license plates from vehicles that were identified as owned or registered by uninsured drivers. During this year, the department collected \$175,850 in license plate reinstatement fees from vehicle owners whose license plates were seized and paid \$123,666 to recovery agents.⁶

Results

In October 2000, department staff conducted a new study to estimate the error rate in license plates seized by recovery agents during the 13-month period following the improved database becoming operational in September 1999. For this study, department staff reviewed data for a random sample of 427 of the 6,713 tags seized during the period. With this sample size, department staff would have 95% confidence that their results were accurate to within $\pm 2\%$.

The department's study determined that 34.8% of the license plates seized by recovery agents were from vehicles whose owners actually met insurance requirements at the time the license plates were seized. This represented an improvement over the 53% error rate found in the department's 1998

⁵ Chapter 99-248, *Laws of Florida*.

⁶ Prior to the passage of Ch. 99-248, *Laws of Florida*, recovery agents received an advance payment from the department of \$25 for each license plate seized and were entitled to receive one-third of the fees paid by a vehicle owner to reinstate the plate (\$150 for a first offense, \$250 for a second offense, and \$500 for a subsequent offense). If the reinstatement fee was paid, the advanced \$25 fee was deducted from the amount owed the recovery agent. Chapter 99-248, *Laws of Florida*, limited the department's payments to recovery agents to \$25 for each eligible seized license plate.

study. However, the 34.8% error rate still greatly exceeds the rate (2% or less) established by the Legislature as a threshold for consideration of expanding the pilot program to other Florida counties. Based on this error rate, an estimated 2,336 of the 6,713 license plates that were seized during the period from September 1999 to October 2000 were taken in error.

To verify the results of the department's study, we reviewed the methodology used by department staff to determine the study's sample sizes and tested the data used in determining the error rate in seized license plates. We concluded that department staff used an appropriate methodology and that the study's results were reasonable.

Department staff attributed the continued high error rate in seized license plates to several factors.

- Insurance companies often delay reporting insurance policy information to the department. As a result, the department does not have current, valid information as to whether vehicle owners are actually insured at the time their vehicle license plates are seized.
- Drivers contacted by the department as suspected of being uninsured often fail to respond to a department notice to show proof of insurance prior to their license plates being seized.

Department staff indicated that such factors are largely outside the department's control. As a result, they believed it would not be possible for the department to achieve an error rate of 2% or less for license plates seized by recovery agents.

The consistently high error rate is a major problem because vehicle owners whose license plates are seized in error must go through a time-consuming, inconvenient process to replace their plates. They must first go to the nearest department driver license office and show proof of insurance. If they can prove they had valid insurance at the time their license plates were seized, the department authorizes them to be issued replacement plates. The drivers then obtain the replacement plates from a tax collector's office. Drivers may have to take time off from work to complete this process despite the fact that they were in full compliance with the law.

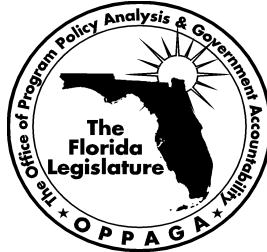
We recommend that the Legislature abolish the pilot program because of the consistently high error rate in seized license plates, the department's belief that it will be unable to reduce the error rate to the level required by law, and the inconvenience to vehicle owners whose plates are seized in error.

Agency Response —

OPPAGA provided the department's executive director with a preliminary and tentative report draft for his review. He offered no response or suggested revisions.

The Florida Legislature

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