



Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

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Follow-Up Report on the Uninsured Motorist Program Administered by the Florida Department of Highway Safety and Motor Vehicles

Abstract

- The Department initiated steps to increase the efficiency of its Uninsured Motorist Program. Currently, because the Department's records are not up-to-date, consumers who are insured may receive noncompliance notices. It will be important that the Legislature monitor the Department's efforts to improve its database.
- However, proposed changes to the law that decreased the insurance companies' time to notify the Department of policy changes did not pass during the 1997 Legislative Session.

Purpose

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Highway Safety and Motor Vehicles (DHSMV) in response to our Report No. 95-15, which we issued December 14, 1995. This report presents our assessment of the extent to which the Department has addressed the findings and recommendations included in our report.

Background

Florida requires motorists to carry automobile insurance to protect against financial losses in case of an accident. However, many motorists fail to carry required

insurance coverages. Florida uses more advanced methods for detecting uninsured motorists than most states. Florida's system for enforcing its vehicle insurance laws includes educating drivers about insurance requirements, verifying motorists' insurance status during the vehicle registration process, monitoring the on-going insurance status of registered vehicles, and sanctioning persons who violate insurance requirements. Florida also imposes more sanctions for insurance violations than most other states. The Department of Highway Safety and Motor Vehicles is primarily responsible for detecting and enforcing compliance for uninsured motorists.

Prior Findings

Our prior report noted five weaknesses that limited the states ability to enforce automobile insurance requirements: (1) DHSMV initiated enforcement cases against a large number of drivers who were already insured; (2) DHSMV did not use information it received through its monitoring efforts to correct its databases and avoid multiple enforcement cases being initiated on already insured persons; (3) lengthy time periods could elapse between motorists becoming uninsured and DHSMV taking enforcement actions; (4) DHSMV did not monitor some vehicle registrants who have a high risk of being uninsured; and (5) many motorists continued to drive after their licenses and registrations were suspended.

To improve the current system, we recommended that the Department:

- Continue to work with insurance companies to obtain more accurate and timely submission of data on

policyholders. This would improve the Department's ability to use this information to detect uninsured motorists.

- Monitor the timeliness of insurance company reporting to identify companies that do not report as required, and request enforcement action by the Department of Insurance when necessary.
- Develop a method for the insurance information that companies provide in financial responsibility cases to be added to the insurance database, so that the Department's information base is improved as a result of the Bureau's case processing actions.

We also recommended that the Legislature consider the following improvements to the system:

- Consider eliminating the option of using affidavits as proof of insurance and either eliminate the option of using insurance binders or provide that these binders must be non-cancelable for a period of time, such as 90 days.
- Alternately, the Legislature could retain affidavits and binders as insurance proof, but require DHSMV to monitor all persons who use affidavits and binders to register vehicles in order to ensure that these persons actually have insurance.
- Amend s. 627.736(9)(a), F.S., to require all insurance companies to report all types of policy changes on a bi-weekly basis, rather than on a 30- to 45-day schedule.
- If the Legislature amends s. 627.736(9)(a), F.S., shorten the time to send compliance notices to persons who appear to be uninsured if companies do not report new policies within 14 days.

- Consider the policy alternatives that were discussed in other states of making vehicle insurance non-compulsory, creating a fee that persons must pay if they wish to be uninsured, or adopting a pay-at-the-pump system.

Current Status

The Department initiated steps to increase the efficiency of its Uninsured Motorist Program. With the assistance of the Department of Insurance, the Department is developing a process to compare insurance companies' records with insurance policy data in its database. According to the Department, this change places the compliance function with the agency that has the enforcement authority (the Department of Insurance). This change also will improve consumer relations because an up-to-date database will help ensure that noncompliance notices are not sent to consumers who are insured. Currently, because the Department's records are not up-to-date, consumers who are insured may receive notices. It will be important that the Legislature monitor the Department's efforts to improve its database.

During the 1997 Legislative Session, legislation was proposed to decrease the time insurance companies have to notify the Department of policy cancellation and issuance from 30 days to 14 days. However, this proposal did not pass. No legislation was proposed regarding changes to make vehicle insurance non-compulsory, create a fee for persons that wish to be insured, or adopt a pay-at-the-pump system.

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Project Supervised by: Douglas Isabelle 487-9253