



Transportation & Infrastructure Subcommittee

November 15, 2017
10:30 AM – 12:30 PM
116 Knott Building

Meeting Packet

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Transportation & Infrastructure Subcommittee

Start Date and Time: Wednesday, November 15, 2017 10:30 am
End Date and Time: Wednesday, November 15, 2017 12:30 pm
Location: 116 Knott Building
Duration: 2.00 hrs

Consideration of the following bill(s):

HB 247 Vessel Registration by Ausley
HB 441 Motor Vehicle Insurance Online Verification System by Hardemon, Willhite

Panel discussion on how technology and innovation in transportation are changing Florida's economy

NOTICE FINALIZED on 11/08/2017 3:31PM by Larson.Lisa

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 247 Vessel Registration
SPONSOR(S): Ausley
TIED BILLS: IDEN./SIM. **BILLS:** SB 632

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee		Roth <i>DR</i>	Vickers <i>PW</i>
2) Transportation & Tourism Appropriations Subcommittee			
3) Government Accountability Committee			

SUMMARY ANALYSIS

Currently, the Fish and Wildlife Conservation Commission (FWC) is authorized to accept an application for a vessel certificate of registration by electronic or telephonic means whereas for a motor vehicle certificate of registration the Department of Highway Safety and Motor Vehicles (DHSMV) is authorized to:

- Accept an application for motor vehicle registration by electronic or telephonic means; and
- Collect and use email addresses in lieu of the U.S. Postal Service for providing renewal notices.

Florida does not currently allow a motor vehicle or vessel owner or operator to display an electronic registration in lieu of a paper registration to law enforcement or any other official requesting to view the vessel registration.

The bill replaces "commission" with "department," when referring to the state agency who is responsible for accepting vessel registration applications. This change recognizes that DHSMV is the state agency responsible for registration applications of vessels, not the FWC. Additionally, the bill allows DHSMV to issue an electronic certificate of registration in lieu of a paper registration and collect and use email addresses in lieu of U.S. mail for purpose of providing renewal notices. This provision parallels the existing requirements governing the issuance of vessel and motor vehicle certificates of title.

The bill allows owners and operators of vessels to produce an electronic copy of the certificate of registration for inspection. The presentation of the electronic copy of the certificate of registration does not create consent to inspect any other information on the electronic device. This will enable owners and operators of vessels to produce an electronic copy of the vessel's registration (via cell phone, tablet, laptop, etc.) to law enforcement, or any other official requesting to view the vessel registration, rather than producing a paper copy.

The bill will have an indeterminate, but likely negative fiscal impact to DHSMV.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Applying for Vessel Registration

A purchaser of a new or used vessel has 30 days to title and register the vessel.¹ During the 30-day period before registration, the owner must have proof of the date of purchase aboard the vessel.² Section 328.48, F.S., establishes the steps for applying for vessel registration in Florida. The Florida Department of Highway Safety and Motor Vehicles (DHSMV) is responsible for issuing vessel registrations.³ Applications for titles and registrations must be filed at a county tax collector office.⁴ Every vessel operated, used, or stored on the waters of Florida must be registered unless it is:

- A vessel operated, used, and stored exclusively on private lakes and ponds;
- A vessel owned by the United States Government;
- A vessel used exclusively as a ship's lifeboat; or
- A non-motor-powered vessel less than 16 feet in length or a non-motor-powered canoe, kayak, racing shell, or rowing scull, regardless of length.⁵

Vessels that are required to be registered are classified for registration purposes according to a schedule set out in s. 328.72(1)(a), F.S. The certificate of registration must be pocket-sized and must be available for inspection on the vessel for which it is issued whenever such vessel is in operation.⁶ Each certificate of registration issued must include (among other items):

- The numbers awarded to the vessel;
- The hull identification number;
- The name and address of the owner; and
- A description of the vessel.⁷

Boaters who do not have their vessel registration on board the vessel are in violation of s. 328.48(4), F.S., and may be issued a citation for \$50⁸ by FWC law enforcement officers. From 2014-2016, there were a total of 1,495 citations issued to boaters who failed to have their vessel registration on board the vessel.⁹ There were 299 citations issued in 2014, 450 citations issued in 2015, and 746 citations issued in 2016.¹⁰ A decal signifying the year or years during which the certificate is valid must be furnished by DHSMV with each certificate of registration issued.¹¹ Pursuant to 33 C.F.R. § 174.25 (2017), each certificate of registration must be approximately 2½ by 3½ inches.

Electronic Certificate of Registration and Title in Florida

The Fish and Wildlife Conservation Commission (FWC) is authorized to accept an application for a vessel certificate of registration by electronic or telephonic means.¹² For a motor vehicle certificate of registration DHSMV is authorized to:

- Accept an application for motor vehicle registration by electronic or telephonic means; and

¹ Section 328.46(1), F.S.

² Section 328.46(1), F.S.

³ Section 328.48(3), F.S.

⁴ Section 328.48(1)(a), F.S.

⁵ Section 328.48(2), F.S.

⁶ Section 328.48(4), F.S.

⁷ Section 328.48(4), F.S.

⁸ Section 327.73(1)(bb), F.S.

⁹ Email from Heather Turner, Deputy Legislative Affairs Director, Fish and Wildlife Conservation Commission, RE: question regarding citations (November 3, 2017).

¹⁰ *Id.*

¹¹ Section 328.48(5), F.S.

¹² Section 328.80, F.S.

- Collect and use email addresses in lieu of the U.S. Postal Service for providing renewal notices.¹³

By comparison, for a vessel certificate of title, DHSMV can accept an application for certificate of title for vessels by electronic or telephonic means,¹⁴ as well as issue an electronic certificate of title in lieu of printing a paper title,¹⁵ and collect and use email addresses instead of the U.S. Postal Service as a method of renewal notification.¹⁶ Some of the benefits to an electronic title include:

- Reduction of title fraud;
- Reduction of title paper usage;
- Faster notification of lien satisfactions;
- Reduction in storage of title documents; and
- Access to expedited title printing.¹⁷

Digital Proof Documents

Florida does not currently allow a motor vehicle or vessel owner or operator to display an electronic registration in lieu of a paper registration to law enforcement or any other official requesting to view the vessel registration. However, Florida and other states are in the process of implementing digital proof documents.

Electronic Lien and Title Program

There are twenty-three states, including Florida, that use the Electronic Lien and Title (ELT) Program.¹⁸ In Florida, the (ELT) Program allows lienholders to reduce the handling, storage and mailing costs associated with paper titles by replacing them with electronic titles.¹⁹ An electronic title is a title that exists only in electronic form on the DHSMV database.²⁰ As of January 1, 2013, Florida's participation in the ELT Program became mandatory for all dealers, finance companies, or entities that are in the business of financing vehicles, mobile homes, or vessels in the State of Florida.²¹

Electronic Hunting and Fishing License

The Florida FWC permits individuals with hunting and fishing licenses two options in lieu of producing their hunting and fishing license in paper form.²² An individual may look up his or her authorization number on the FWC application or provide a picture of the hunting or fishing license.²³ However, the individual must still have a physical copy of his or her state ID or driver license.²⁴

Electronic Motor Vehicle Registration

In the 2017 session, the state of Michigan enacted and the governor signed into law, HB 4013²⁵ amending s. 257.223, MCL. The law authorizes the owner or operator of a vehicle to display an electronic registration upon the request of law enforcement.²⁶ It also authorizes law enforcement to require the owner or operator to electronically forward the electronic copy of the registration certificate so that the law enforcement officer can view the electronic copy of the registration certificate in a safe setting. The law asserts that the state is not liable for damage or loss of an electronic device that occurs

¹³ Section 320.95, F.S.

¹⁴ Section 328.30(1), F.S.

¹⁵ Section 328.30(2), F.S.

¹⁶ Section 328.30(3), F.S.

¹⁷ Department of Highway Safety and Motor Vehicles, *Electronic Lien and Titles*, available at <https://www.flhsmv.gov/motor-vehicles-tags-titles/electronic-lien-titles/> (last visited October 12, 2017).

¹⁸ Simply ELT, available at <http://www.simplyelt.com/index.html> (last visited November 8, 2017).

¹⁹ Department of Highway Safety and Motor Vehicles, *Electronic Lien and Titles*, available at <https://www.flhsmv.gov/motor-vehicles-tags-titles/electronic-lien-titles/> (last visited November 8, 2017).

²⁰ *Id.*

²¹ Sections 319.27(7) & 328.15(5)(b), F.S.

²² Email from Jessica Crawford, Director of Legislative Affairs Director, Florida Fish and Wildlife Conservation Commission, RE: hunting/fishing license (October 24, 2017).

²³ *Id.*

²⁴ Section 379.354(3), F.S.

²⁵ HB 4013 (2017), available at <https://legiscan.com/MI/text/HB4013/2017> (last visited October 12, 2017).

²⁶ Section 257.223(1), MCL.

as a result of law enforcement viewing an electronic copy of the registration,²⁷ and permits a digital photograph of a valid registration certificate.²⁸

Proposed Changes

The bill amends s. 328.80, F.S., to replace “commission” with “department,” when referring to the state agency responsible for accepting vessel registration applications. This acknowledges that DHSMV is the state agency responsible for registration applications of vessels, not the Fish and Wildlife Conservation Commission. Additionally, the bill amends s. 328.80, F.S., to allow DHSMV to issue an electronic certificate of registration in lieu of a paper registration and collect and use email addresses in lieu of U.S. mail for purpose of providing renewal notices. The amended language parallels the current requirements governing the issuance of vessel and motor vehicle certificates of title.²⁹

The bill amends s. 328.48(4), F.S., to allow owners and operators of vessels to produce an electronic copy of the certificate of registration for inspection. Furthermore, the presentation of the electronic copy of the certificate of registration does not create consent for inspection of any other information on the electronic device. This will enable owners and operators of vessels to produce an electronic copy of the vessel’s registration (via cell phone, tablet, laptop, etc.) to law enforcement, or any other official requesting to view the vessel registration, rather than producing a paper copy.

B. SECTION DIRECTORY:

Section 1: Amends s. 328.80, F.S., relating to transactions by electronic or telephonic means.

Section 2: Amends s. 328.48, F.S., relating to vessel registration, application, certificate, number, decal, duplicate certificate.

Section 3: Provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

DHSMV will likely have one-time start-up costs to create the program for the electronic vessel certificates of registration.

Additionally, DHSMV’s Motorist Modernization initiative, which is an ongoing information technology project to replace existing driver license and motor vehicle information systems, may be impacted because of the programming and implementation hours expended for this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

²⁷ Section 257.223(2), MCL.

²⁸ Section 257.223(3), MCL.

²⁹ Sections 328.30, 319.40, F.S.

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.

2. Other:

There may be concerns with the occurrence of search and seizure violations by law enforcement officers who view anything on the vessel owner or operator's electronic device other than the registration. According to the Supreme Court of Florida, law enforcement may not view a person's electronic device without permission or a search warrant.³⁰

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

³⁰ *Smallwood v. State*, 113 So. 3d 724 (Fla. 2013).

1 A bill to be entitled
 2 An act relating to vessel registration; amending s.
 3 328.80, F.S.; authorizing the Department of Highway
 4 Safety and Motor Vehicles to issue an electronic
 5 certificate of registration for a vessel and to use
 6 electronic mail for certain purposes; amending s.
 7 328.48, F.S.; authorizing a vessel operator to present
 8 such electronic certificate for inspection under
 9 certain circumstances; providing construction;
 10 providing an effective date.

11
 12 Be It Enacted by the Legislature of the State of Florida:

13
 14 Section 1. Section 328.80, Florida Statutes, is amended to
 15 read:

16 328.80 Transactions by electronic or telephonic means.—

17 (1) The department may ~~commission is authorized to~~ accept
 18 any application provided for under this chapter by electronic or
 19 telephonic means.

20 (2) The department may issue an electronic certificate of
 21 registration in lieu of printing a paper registration.

22 (3) The department may collect electronic mail addresses
 23 and use electronic mail in lieu of the United States Postal
 24 Service for the purpose of providing renewal notices.

25 Section 2. Subsection (4) of section 328.48, Florida

26 Statutes, is amended to read:

27 328.48 Vessel registration, application, certificate,
28 number, decal, duplicate certificate.-

29 (4) Each certificate of registration issued shall state
30 among other items the numbers awarded to the vessel, the hull
31 identification number, the name and address of the owner, and a
32 description of the vessel, except that certificates of
33 registration for vessels constructed or assembled by the owner
34 registered for the first time shall state all the foregoing
35 information except the hull identification number. The numbers
36 shall be placed on each side of the forward half of the vessel
37 in such position as to provide clear legibility for
38 identification, except, if the vessel is an airboat, the numbers
39 may be placed on each side of the rudder. The numbers awarded to
40 the vessel shall read from left to right and shall be in block
41 characters of good proportion not less than 3 inches in height.
42 The numbers shall be of a solid color which will contrast with
43 the color of the background and shall be so maintained as to be
44 clearly visible and legible; i.e., dark numbers on a light
45 background or light numbers on a dark background. The
46 certificate of registration shall be pocket-sized and shall be
47 available for inspection on the vessel for which issued whenever
48 such vessel is in operation. If the certificate of registration
49 is not available for inspection on the vessel or is damaged or
50 otherwise illegible, the operator may present for inspection an

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51 electronic device displaying an electronic certificate issued
52 pursuant to s. 328.80. Such presentation does not constitute
53 consent for inspection of any information on the device other
54 than the displayed certificate.

55 Section 3. This act shall take effect July 1, 2018.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 441 Motor Vehicle Insurance Online Verification System

SPONSOR(S): Hardemon

TIED BILLS: IDEN./SIM. BILLS: SB 78

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Infrastructure Subcommittee		Roth <i>DR</i>	Vickers <i>EV</i>
2) Transportation & Tourism Appropriations Subcommittee			
3) Government Accountability Committee			

SUMMARY ANALYSIS

Florida law requires persons to possess proof of motor vehicle insurance. This is primarily accomplished using insurance cards that are issued periodically by an insurance company. However, there is currently no mechanism to verify, in real time, whether or not a motor vehicle is properly insured.

The bill requires the Department of Highway Safety and Motor Vehicles (DHSMV) to create the motor vehicle insurance online verification system to allow for the expedited verification of automobile insurance coverage. The system will provide authorized persons access via the Internet to insurers' records indicating the insurance status of any motor vehicle registered in this state. Law enforcement officers are required to access the information during a traffic stop or crash investigation and insurers are required to cooperate with DHSMV in establishing and maintaining the system.

The online verification system is required to replace the current procedures for verifying motor vehicle insurance at the time of registering the vehicle. Insurers are required to cooperate with DHSMV in establishing and maintaining the insurance verification system by providing access to motor vehicle status information.

DHSMV is directed to conduct a pilot program to test the system prior to putting it into statewide use. The verification system must be installed and operational by July 1, 2021.

The bill is expected to have a negative fiscal impact to DHSMV and insurers will incur indeterminate costs associated with implementing the motor vehicle insurance online verification system.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Chapter 324, F.S., is the Financial Responsibility Law of 1955.¹ The intent of Ch. 324, F.S., is to:

[R]ecognize the existing privilege to own or operate a motor vehicle when such vehicles are used with due consideration for others and their property, and to promote safety and provide financial security requirements for such owners or operators whose responsibility it is to recompense others for injury to person or property caused by the operation of a motor vehicle. Therefore, the law requires that the operator of a motor vehicle involved in a crash or convicted of certain traffic offenses is required to provide proof of financial ability to respond for damages in future accidents as a requisite to his or her future exercise of operating a motor vehicle.²

Section 316.646, F.S., requires persons required by law to maintain certain motor vehicle insurance coverage, to possess proof of insurance, and provides when the person is required to provide proof of motor vehicle insurance.

Section 320.02, F.S., requires the registration of motor vehicles. Section 320.02(5), F.S., requires proof of certain insurance in order to register a motor vehicle and requires proof of insurance to be provided at the time the motor vehicle is registered.

Section 324.0221, F.S., requires motor vehicle insurers to notify the Department of Highway Safety and Motor Vehicles (DHSMV) of cancellations or nonrenewals of motor vehicle insurance within 10 days after the processing or effective date of each cancellation or nonrenewal. Furthermore, the statute requires insurers to notify DHSMV within 10 days of the issuance of new insurance policies from persons not previously insured by that insurance company. When DHSMV receives a notice of cancellation from an insurer, the system will attempt to verify if additional insurance has been provided and if the registration for the vehicle is still valid.³ If no additional insurance is verified for the registered vehicle after 20 days, the system will create a financial responsibility case on the owner or registrant's driver license and registration.⁴ Five days after the case is created a letter is generated and submitted to the vehicle owner or registrant notifying him or her that additional insurance is required for the registered vehicle.⁵ If insurance information is not provided, or the owner or registrant does not cancel the registration, the owner or registrant's license and registration will be suspended at 12:01 a.m. on the fifteenth day from the date of the postmarked letter.⁶

Currently, there is no mechanism in place to determine in real time that a proof of financial responsibility is valid. The current process requires insurance carriers to report insurance information so that it can be compared to vehicle registration data maintained by DHSMV. Under this reporting process, any vehicle registrations that are not tied to an insurance record are considered uninsured.⁷ Unfortunately, data integrity problems and outdated information inherent to the reporting process often

¹ Section 324.251, F.S.

² Section 324.011, F.S.

³ Email from Rachel Jarriel, Legislative Liaison, Department of Highway Safety and Motor Vehicles, RE: s. 324.0221, F.S. (November 8, 2017).

⁴ *Id.*

⁵ *Id.*

⁶ Section 322.251(2), F.S.

⁷ See section 324.011, F.S.

results in inaccuracies. As of 2015, Florida has the highest number of uninsured motorists in the nation at 26.7 percent.⁸

A number of states have implemented online motor vehicle insurance verification programs including Alabama,⁹ Oklahoma,¹⁰ Texas,¹¹ and Tennessee¹². Most of the states that have implemented online motor vehicle verification programs require that the systems generally meet standards developed by the Insurance Industry Committee on Motor Vehicle Administration.

Several states that have instituted motor vehicle insurance verification programs have reported significant reductions in the number of uninsured motorists.¹³

Proposed Changes

The bill creates s. 324.252, F.S., requiring DHSMV to establish an online verification system for motor vehicle insurance, subject to the following:

- The verification system must be accessible through the Internet by authorized personnel of the DHSMV, the courts, law enforcement personnel, any other DHSMV authorized entities and insurers authorized by the Office of Insurance Regulation to offer motor vehicle insurance.
- The verification system must provide for direct access to insurers' records by personnel authorized by DHSMV.
- DHSMV is required to conduct a pilot program to test the system before statewide use, and the verification system must be installed and operational by July 1, 2021.
- The verification system must be available 24 hours a day to verify the insurance status of any vehicle registered in this state through the vehicle's identification number, policy number, registered owner's name, or other identifying characteristic or DHSMV prescribed marker.
- DHSMV may contract with a private vendor to assist in establishing and maintaining the verification system.
- The verification system must include appropriate provisions, consistent with industry standards, to secure its data against unauthorized access and to maintain a record of all information requests.
- A law enforcement officer, during a traffic stop or crash investigation, is required to access information from the online verification system to establish compliance with Ch. 324, F.S., and to verify the current validity of the policy described on any insurance identification card produced by the operator of a motor vehicle during the traffic stop or crash investigation.
- The verification system is required to include a disaster recovery plan designed to ensure business continuity in the event of a disaster.
- The verification system is required to include information which will enable DSHMV to make inquiries of evidence by using multiple data elements for greater matching accuracy, specifically: insurer NAIC¹⁴ company code, Vehicle Identification Number, policy number, levels/types of coverage or other data elements established by DHSMV.
- Every insurance company authorized to issue motor vehicle insurance policies in Florida is required to comply with the verification of evidence of motor vehicle insurance by that company as required by DHSMV rules.
- Section 324.252, F.S., does not apply to vehicles insured under commercial auto coverage, but insurers of such vehicles may participate on a voluntary basis.

⁸ Insurance Information Institute, *Background on: Compulsory Auto/Uninsured Motorists* (September 1, 2017), available at <https://www.iii.org/article/background-on-compulsory-auto-uninsured-motorists> (last visited November 8, 2017).

⁹ Alabama Act 2011-688.

¹⁰ Okla. Stat. tit. 47, § 7-600.2

¹¹ Tex. Transp. Code Ann. §§ 601.053(c) & 601.191.

¹² Tenn. Code Ann. §§ 55-12-201 – 55-12-215

¹³ Alice Holbrook, *Are Auto Insurance Verification Programs a Good Idea?*, available at <https://www.nerdwallet.com/blog/insurance/auto-insurance-verification-programs-good-idea/> (last visited November 6, 2017).

¹⁴ National Association of Insurance Commissioners.

The bill requires insurers to cooperate with DHSMV in establishing and maintaining the insurance verification system and requires insurers to provide DHSMV access to motor vehicle insurance policy status information.

The bill creates s. 320.02(5)(f), F.S., providing that upon the implementation of the online insurance verification system the system will replace the procedures for verifying insurance in s. 320.02, F.S., and DHSMV and its authorized agents registering motor vehicles are required to use the system unless the system is not online or the required information is not available. In such a case, DHSMV and its authorized agents may accept verification as provided in s. 320.02, F.S., to certify the existence of the required insurance before processing any application for motor vehicle registration.

The bill creates s. 324.0221(1)(c), authorizing DHSMV to verify insurance information directly from insurance company databases, but does not relieve insurance companies of any reporting requirements in s. 324.0221, F.S.

The bill creates s. 322.0221(1)(d), F.S., requiring insurers to transmit to DHSMV weekly records of all active insurance policies, so actively registered vehicles can be checked daily against all active policies in order to identify uninsured vehicles.

The bill creates s. 324.0221(4), F.S., authorizing DHSMV to, by rule, implement a method of insurance verification.

The bill creates s. 316.646(6), F.S., authorizing, a law enforcement officer (during a traffic stop or crash investigation) to access information from the motor vehicle insurance online verification system to establish compliance with Chs. 316 and 324, F.S., and to verify current validity of the policy described on any insurance identification card produced by the operator of a motor vehicle during the traffic stop or crash investigation.

B. SECTION DIRECTORY:

Section 1: Creates s. 324.252, F.S., creating the motor vehicle insurance online verification system.

Section 2: Amends s. 320.02, F.S., relating to registration required; application for registration; forms.

Section 3: Amends s. 324.0221, F.S., relating to reports by insurers to the department; suspension of driver license and vehicle registrations; reinstatement.

Section 4: Amends s. 316.646, F.S., relating to security required; proof of security and display thereof.

Section 5: Provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

DHSMV will incur indeterminate, but significant expenditures associated with developing the motor vehicle insurance online verification system.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Insurers will incur some costs associated with implementing the online insurance verification system and providing certain information to DHSMV, however, the costs are unknown at this time.

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 action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill authorizes DHSMV to adopt rules implementing the motor vehicle insurance online verification system. The bill also authorizes DHSMV to implement, by rule, a method of insurance verification using the motor vehicle insurance online verification system.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to the motor vehicle insurance online
 3 verification system; creating s. 324.252, F.S.;
 4 requiring the Department of Highway Safety and Motor
 5 Vehicles to establish a system for the online
 6 verification of motor vehicle insurance; providing
 7 system requirements; requiring insurers to cooperate
 8 with the department in establishing and maintaining
 9 the system; providing applicability; authorizing the
 10 department to adopt rules; amending s. 320.02, F.S.;
 11 providing requirements relating to the registration of
 12 motor vehicles to conform to changes made by the act;
 13 amending s. 324.0221, F.S.; authorizing the department
 14 to verify certain information; requiring insurers to
 15 transmit certain information to the department;
 16 authorizing the department to implement a method of
 17 insurance verification; amending s. 316.646, F.S.;
 18 authorizing law enforcement officers to access
 19 insurance information at traffic stops and crash
 20 investigations for certain purposes; providing an
 21 effective date.

22
 23 Be It Enacted by the Legislature of the State of Florida:

24
 25 Section 1. Section 324.252, Florida Statutes, is created

26 to read:

27 324.252 Motor vehicle insurance online verification
 28 system.-

29 (1) The department shall establish an online verification
 30 system for motor vehicle insurance, subject to the following:

31 (a) The verification system shall be accessible through
 32 the Internet by authorized personnel of the department, the
 33 courts, law enforcement personnel, any other entities authorized
 34 by the department, and insurers authorized by the Office of
 35 Insurance Regulation to offer motor vehicle insurance.

36 (b) The verification system shall provide for direct
 37 access to insurers' records by personnel authorized by the
 38 department.

39 (c) The department shall conduct a pilot program to test
 40 the system before statewide use. However, the verification
 41 system must be installed and operational by July 1, 2021.

42 (d) The verification system shall be available 24 hours a
 43 day to verify the insurance status of any vehicle registered in
 44 this state through the vehicle's identification number, policy
 45 number, registered owner's name, or other identifying
 46 characteristic or marker as prescribed by the department.

47 (e) The department may contract with a private vendor to
 48 assist in establishing and maintaining the verification system.

49 (f) The verification system shall include appropriate
 50 provisions, consistent with industry standards, to secure its

51 data against unauthorized access and to maintain a record of all
 52 information requests. A historical record of the system data
 53 must be retained by insurers for 5 years after the policy
 54 termination date.

55 (g) A law enforcement officer, during a traffic stop or
 56 crash investigation, shall access information from the online
 57 verification system to establish compliance with this chapter
 58 and to verify the current validity of the policy described on
 59 any insurance identification card produced by the operator of a
 60 motor vehicle during the traffic stop or crash investigation.

61 (h) The verification system must include a disaster
 62 recovery plan designed to ensure service continuity in the event
 63 of a disaster.

64 (i) The verification system must include information that
 65 enables the department to make inquiries of evidence of
 66 insurance by using multiple data elements for greater matching
 67 accuracy, specifically: insurer National Association of
 68 Insurance Commissioners (NAIC) company code, Vehicle
 69 Identification Number, policy number, level and type of
 70 coverage, or other data elements as established by the
 71 department.

72 (j) An insurance company authorized to issue motor vehicle
 73 insurance policies in this state must comply with the
 74 verification requirements of motor vehicle insurance for every
 75 motor vehicle insured by that company in this state as required

76 | by department rule.

77 | (k) This section does not apply to vehicles insured under
78 | commercial motor vehicle coverage. However, insurers of such
79 | vehicles may participate on a voluntary basis.

80 | (2) Insurers must cooperate with the department in
81 | establishing and maintaining the insurance verification system
82 | and must provide access to motor vehicle insurance policy status
83 | information.

84 | (3) The department may adopt rules to implement this
85 | section.

86 | Section 2. Paragraph (f) is added to subsection (5) of
87 | section 320.02, Florida Statutes, to read:

88 | 320.02 Registration required; application for
89 | registration; forms.—

90 | (5)

91 | (f) Upon implementation of the online verification system
92 | in s. 324.252, the online verification shall replace the
93 | procedures in this subsection and the department and its
94 | authorized agents shall use the verification system unless such
95 | system is not online or the required information is not
96 | available. In such a case, the department and its authorized
97 | agent may accept proof of purchase as provided in this
98 | subsection to verify the purchase of the required insurance
99 | before processing any application for motor vehicle
100 | registration.

101 Section 3. Paragraphs (c) and (d) of subsection (1) and
 102 subsection (4) are added to section 324.0221, Florida Statutes,
 103 to read:

104 324.0221 Reports by insurers to the department; suspension
 105 of driver license and vehicle registrations; reinstatement.—

106 (1)

107 (c) The department may verify information directly from an
 108 insurance company's database. This paragraph does not relieve an
 109 insurance company from the reporting requirement of this
 110 section.

111 (d) An insurer must transmit weekly, in a format
 112 prescribed by the department, the insurer's records of all
 113 active insurance policies, commonly known as the "book of
 114 business," to enable the department to identify uninsured
 115 vehicles.

116 (4) The department may implement a method of insurance
 117 verification, by rule.

118 Section 4. Subsection (6) is added to section 316.646,
 119 Florida Statutes, to read:

120 316.646 Security required; proof of security and display
 121 thereof.—

122 (6) A law enforcement officer, during a traffic stop or
 123 crash investigation, may access information from the motor
 124 vehicle insurance online verification system to establish
 125 compliance with this chapter and chapter 324 and to verify the

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126 current validity of the policy described on any insurance
127 identification card produced by the operator of a motor vehicle
128 during the traffic stop or crash investigation.

129 Section 5. This act shall take effect July 1, 2018.