

IN THE SUPREME COURT OF FLORIDA

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CASE NO. 80,478

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WORLD WIDE UNDERWRITERS  
INSURANCE COMPANY,

Petitioner,

vs.

STEVEN WELKER,

Respondent.

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RESPONDENT'S ANSWER BRIEF

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ON REVIEW FROM THE DISTRICT COURT OF APPEAL,  
FOURTH DISTRICT

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INTRODUCTION

This answer brief is filed on behalf of the respondent, Steven Welker, a class I insured under an automobile policy issued to his mother by the petitioner, World Wide Underwriters Insurance Company. The policy excluded UM coverage to class I insureds injured while occupying an owned but noncovered automobile. A copy of the policy is appended.

The Fourth District Court of Appeal followed Mullis v. State Farm Mutual Automobile Insurance Co., 252 So.2d 229 (Fla. 1971) and invalidated the UM exclusion. This court should do the same.

STATEMENT OF THE CASE AND FACTS

On November 6, 1986, Steven Welker resided with his mother who carried an automobile insurance policy with World Wide

Underwriters (R.2). On that date, Steven was injured in an automobile accident while he was driving his own vehicle not covered under the World Wide policy (R. 2). However, the World Wide policy provided liability, medical payments and UM coverage to resident family members (R. 27, 29, 30), and Steven requested UM benefits and medical payment benefits. World Wide refused his request and this lawsuit for coverage ensued (R. 1-4).

World Wide moved for summary judgment, citing the policy exclusions for noncovered vehicles owned by family members (R. 17-50). The trial court ruled in favor of World Wide and entered a final judgment. The Fourth District reversed upon Mullis v. State Farm Insurance Co. and the numerous other appellate decisions holding that a policy which includes resident relatives within the definition of insureds cannot then exclude those class I insureds from UM coverage based on the automobile they were driving at the time they were injured by an uninsured motorist.

#### ISSUE ON APPEAL

WHETHER STEVEN WELKER FALLS WITHIN THE POLICY'S  
DEFINITION OF INSURED AND IS THEREBY ENTITLED  
TO UM COVERAGE UNDER THIS POLICY ISSUED IN 1986.

## SUMMARY OF ARGUMENT

The Florida Legislature requires automobile policies to provide UM coverage to all "persons insured thereunder." §627.727(1) (1985). The Florida Legislature has always intended to provide broad insurance protection to the citizens of this State against uninsured motorists.

The Florida courts have consistently endorsed this public policy by broadly reading "persons insured thereunder" to include, at a minimum, those persons who fall within a policy's basic definition of insured, without regard to liability exclusions which may apply to bar liability coverage for a particular accident. The Florida courts have consistently endorsed this public policy by invalidating exclusions conditioning UM coverage upon the car which the insured is driving when injured by an uninsured motorist. The Fourth District Court of Appeal followed this well settled case law and invalidated the UM exclusion at issue.

## ARGUMENT

STEVEN WELKER IS WITHIN THE POLICY'S DEFINITION  
OF AN INSURED AND HE IS ENTITLED TO UM COVERAGE  
UNDER THIS POLICY ISSUED IN 1986.

- A. The UM statute mandates UM coverage to persons who are within the policy's definition of insured.

Since 1961, when the Florida Legislature first passed the uninsured motorist statute [then section 627.0851], the provision

has stated that no motor vehicle liability insurance policy can issue in Florida unless UM coverage is provided "for the protection of persons insured thereunder."

The "persons insured" thereunder in an automobile liability insurance policy ... ordinarily are: the owner or operator of an automobile, his spouse and other members of his family resident in his household and others occupying the insured automobile with the insured owner's permission.

Valiant Insurance Company v. Webster, 567 So.2d 408, 410 (Fla. 1990), quoting Mullis 252 So.2d at 232. In Valiant, the policy definition of insured included resident relatives; however, the son who was killed in the accident was not a resident of the named insured's household at the time of the accident. Consequently, the son was not an insured under the policy's definition.

In Salas v. Liberty Mutual Fire Insurance Company, 272 So.2d 1, 3 (Fla. 1972), this court recognized:

Fla. Stat. §627.0851, F.S.A., [now §627.727] establishes the public policy of Florida to be that every insured, as defined in the policy, is entitled to recover under the policy for damages he would have been able to recover against the negligent motorist if that motorist had maintained a policy of liability insurance.

Here, it is undisputed that Welker, as a resident family member, fell within the policy's definition of an insured/covered person. The World Wide policy reads in pertinent part:

PART A - LIABILITY COVERAGE

INSURING AGREEMENT

We will pay damages for bodily injury or property damage for which any covered person becomes legally responsible because of an auto accident (R. 27).



\* \* \*

"Covered Person" as used in this Part means:

1. You or any family member for the ownership, maintenance or use of any auto or trailer (R. 27).

\* \* \*

"Family member" means a person related to you by blood, marriage or adoption who is a resident of your household.

\* \* \*

#### PART C - UNINSURED MOTORISTS COVERAGE.

##### INSURING AGREEMENT

We will pay damages which a covered person is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of bodily injury:

1. Sustained by a covered person; and
2. Caused by an accident.

\* \* \*

"Covered person" as used in this Part means:

1. You or any family member.
2. Any other person occupying your covered auto.
3. Any person for damages that person is entitled to recover because of bodily injury to which this coverage applies sustained by a person described in 1. or 2. above.

World Wide chose to include resident family members in its policy definition of "covered persons" without any qualifications on the vehicle being driven. Thus, section 627.727(1) mandated UM protection to those resident family members as "persons insured thereunder." No exceptions. This was the holding in Mullis.

Every Florida appellate court since Mullis has voided

provisions which attempt to exclude UM coverage on the basis that the person who is an insured by policy definition was driving an owned/noncovered vehicle. See e.g. Lewis v. Cincinnati Insurance Co., 503 So.2d 908 (Fla. 5th DCA) rev. denied, 511 So.2d 297 (Fla. 1987); Incardona v. Auto Owners Insurance Co., 494 So.2d 513 (Fla. 2d DCA 1986) rev. denied, 503 So.2d 326 (Fla. 1987); Auto Owners Insurance Company v. Queen, 468 So.2d 498 (Fla. 5th DCA 1985) and Auto Owners Insurance Company v. Bennett, 466 So.2d 242 (Fla. 2d DCA 1984).

World Wide argues the handful of Florida decisions which have allowed the UM exclusion at issue here, but omits from its argument the critical fact that in each of these cases the injured person was outside the policy's basic definition of insured.<sup>1</sup> One of these cases, France v. Liberty Mutual Ins. Co., 380 So.2d 1155 (Fla. 3d DCA 1980) observed, "As concerns the uninsured motorist statute, the public policy of this state is that every insured within the definition of that term as defined in the policy is entitled to recover under the uninsured motorist provision of the policy ..." 380 So.2d at 1156.

World Wide's citation to decisions predating Mullis is unpersuasive. Mullis specifically rejected one of World Wide's cited cases, USF&G Insurance Co. v. Webb, 191 So.2d 869 (Fla. 1st DCA 1966). Later, in Tucker v. Government Employees Insurance Co., 288 So.2d 238, 241 (Fla. 1973), this court remarked

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<sup>1</sup>GEICO v. Wright, 543 So.2d 1320 (Fla. 4th DCA) rev. denied, 551 So.2d 464 (Fla. 1989); Dairyland Insurance Co. v. Kriz, 495 So.2d 892 (Fla. 1st DCA 1986) rev. denied, 504 So.2d 767 (Fla. 1987); Bolen v. Mass. Bay Ins. Co., 518 So.2d 393 (Fla. 2d DCA 1987); France v. Liberty Mutual Ins. Co., 380 So.2d 1155 (Fla.

that even before Mullis, the First District in 1968 had declined to follow Webb and again noted that Mullis had likewise rejected Webb.

World Wide attempts to distinguish Mullis on the ground that the World Wide policy excludes liability coverage for resident family members who cause accidents while driving owned but noncovered motor vehicles. From this, World Wide erroneously concludes Steven is not an insured under the policy. That a liability claim against him may have been excluded does not change the fact that Steven is an insured by definition.

The injured son in Mullis would have been denied liability coverage under a virtually identical liability exclusion had he been sued for the accident, yet this court still invalidated the UM coverage exclusion for owned/noncovered vehicles. See also Lewis v. Cincinnati Ins. Co., 503 So.2d 908 (Fla. 5th DCA) rev. denied, 511 So.2d 297 (Fla. 1987), Incardona v. Auto Owners Ins. Co., 494 So.2d 513 (Fla. 2d DCA 1986), Auto Owners Ins. Co. v. Queen, 468 So.2d 498 (Fla. 5th DCA 1985) and Auto Owners Ins. Co. v. Bennett, 466 So.2d 242 (Fla. 2d DCA 1984) (each policy had a similar liability exclusion which would have operated to deny liability coverage to the injured person had he been sued, yet the courts held that because the policy's definition of insured included that injured person without regard to

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3d DCA 1980); Progressive American Ins. Co. v. Hunter, 603 So.2d 1301 (Fla. 4th DCA 1992).

the car he or she was driving, the carrier could not invoke a UM exclusion to deny UM coverage).

B. The 1984 amendment to section 627.727.

World Wide has never raised an argument with reference to the 1984 amendment to section 627.727. Aside from lacking merit, the argument is waived. Assuming World Wide had raised the argument below, the Fourth District would have rejected it as this court should. In 1984, the Legislature amended section 627.727(1) to add the following underlined language:

No motor vehicle liability insurance policy which provides bodily injury coverage shall be delivered or issued for delivery in this State with respect to any specifically insured or identified motor vehicle and registered or principally garaged in the State unless uninsured motor vehicle coverage is provided therein or supplemental thereto for the protection of persons insured thereunder ...

The legislative history makes clear that the added language had only one purpose: to exempt commercial policies and fleet policies from the statute's minimum UM coverage requirements. The legislative history to the 1984 amendment is appended and states in pertinent part:

The present statute does not specifically address the situation of general liability policies issued to an insured, usually a business, which cover many types of legal liability, including motor vehicle liability, but which policy does not refer to a specific vehicle.

\* \* \*

The bill limits the applicability of the uninsured motorist requirements to liability policies covering specifically insured or identified motor vehicles. This would exempt from the statute's requirements comprehensive

general liability policies or special multi-peril policies, which provide coverage for many types of liability of an insured (usually a business) but which do not specifically identify vehicles that are covered.

Florida House of Representatives, Staff Summary and Analysis, CS/HB 318 (emphasis supplied). See also Ropar v. Travelers Insurance Co., 205 Ga.App. 249, 422 S.E.2d 34 (1992) (recognizing that 1984 amendment merely limited application of UM statute to "classic automobile insurance policies").

C. Broad UM protection - no exclusions.

"[U]ninsured motorist coverage may be the only meaningful protection available to Floridians who daily are subjected to misguided missiles on the highways of the state; therefore, this remedial statute must be broadly and liberally construed." Ferrigno v. Progressive American Insurance Company, 426 So.2d 1218, 1219 (Fla. 4th DCA 1983). In Salas v. Liberty Mutual Fire Insurance Company, 272 So.2d 1, 5 (Fla. 1972), this court recognized:

[T]he intention of the Legislature, as mirrored by the decisions of this Court, is plain to provide for the broad protection of the citizens of this State against uninsured motorists. As a creature of statute rather than a matter by contemplation of the parties in creating insurance policies, the uninsured motorist protection is not susceptible to the attempts of the insurer to limit or negate that protection.

272 So.2d at 5.

Respondent stresses that the subject policy was issued and the accident occurred in 1986, one year before the Florida Legislature enacted subsection nine to section 627.727. Under subsection nine, a carrier can now issue policies excluding UM coverage to insureds injured while driving owned/noncovered automobiles, provided a rate decrease occurs and the carrier obtains a knowing acceptance of this limitation on UM coverage. Correctly, World Wide has never asserted the application of subsection nine to this case. The enactment of subsection nine is strong evidence of the Legislature's belief that absent a legislative change to the UM statute such UM exclusions are invalid. This belief was confirmed in Mullis and this court should reaffirm it here.

CONCLUSION

The Fourth District correctly decided this case and its opinion should be affirmed.

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By: Susan S. Lerner  
Susan S. Lerner  
F.B. 349186

CERTIFICATE OF SERVICE

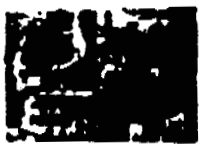
WE HEREBY CERTIFY that a true copy of the foregoing Answer Brief of Respondent was mailed this 2d day of July, 1993 to: E. J. Generotti, Esq., Dell & Schaefer, 2404 Hollywood Blvd., Hollywood, FL 33020; Edward D. Schuster, Esq., Pyszka, Kessler, Massey, Weldon, Catri, Holton & Douberley, P.A., The 110 Tower, 20th Floor, 110 S.E. 6th Street, Ft. Lauderdale, Florida, 33301; and to Louis K. Rosenbloum, Esq., Levin, Middlebrooks, Mabie, Thomas, Mayes & Mitchell, P.A., Attorney for Academy of Florida Trial Lawyers, Amicus Curaie, Post Office Box 12308, Pensacola, FL 32581.

Kutner, Rubinoff, Thompson, & Bush  
Counsel for Respondent  
501 N.E. First Avenue  
Miami, FL 33132 (305) 358-6200

By: Susan S. Lerner  
Susan S. Lerner  
F.B. 349186







**Wausau Insurance Companies**

WAUSAU UNDERWRITER INSURANCE COMPANY  
 HEREIN CALLED THE COMPANY.  
 ADMINISTRATIVE OFFICES 11975 WESTLINE DRIVE ST. LOUIS, MO. 63141

PERSONAL AUTO POLICY NUMBER 01-EC-1162-8702

POLICY PERIOD: From 08-16-86 to 02-12-01 A.M. Standard Time at Address of Named  
 ENDORSEMENT EFFECTIVE DATE 08-16-86  
 DISCOUNTS: MULTI CAR  
 SAFE DRIVER

Item 1 - NAMED INSURED AND ADDRESS:

WELKER, HEDWIG

FT LAUDERDALE, FL

33315

Coverage provided where a premium and limit of liability are shown.

BODILY INJURY LIABILITY  
 \$ 20,000 EA.PERSON/ \$ 40,000 EA.ACCIDENT  
 PROPERTY DAMAGE LIABILITY  
 \$ 25,000 EA.ACCIDENT  
 MEDICAL PAYMENTS  
 \$ 2,000 EACH PERSON  
 UNINSURED MOTORISTS (BODILY INJURY)  
 \$ 20,000 EA.PERSON/ \$ 40,000 EA.ACCIDENT  
 UNDERINSURED MOTORIST (BODILY INJURY)  
 \$ 20,000 EA.PERSON/ \$ 40,000 EA.ACCIDENT  
 PERSONAL INJURY PROTECTION (BASIC)  
 DAMAGE TO YOUR AUTO  
 COMPREHENSIVE - OTHER THAN COLLISION LOSS  
 \$ 100 DEDUCTIBLE FROM ACTUAL CASH VALUE  
 COLLISION  
 \$ 250 DEDUCTIBLE FROM ACTUAL CASH VALUE  
 TOWING AND LABOR COSTS  
 \$50 PER DISABLEMENT

	CAR1	CAR2 PREMIUMS	CAR3	CAR4
BODILY INJURY LIABILITY	.00	**	**	
PROPERTY DAMAGE LIABILITY	.00	**	**	
MEDICAL PAYMENTS	.00	**	**	
UNINSURED MOTORISTS (BODILY INJURY)	.00	**	**	
UNDERINSURED MOTORIST (BODILY INJURY)	INCL.	INCL.	INCL.	
PERSONAL INJURY PROTECTION (BASIC)	INCL.	INCL.	INCL.	
DAMAGE TO YOUR AUTO	.00	**	**	
COMPREHENSIVE - OTHER THAN COLLISION LOSS	.00	**	**	
COLLISION	.00	**	**	
TOWING AND LABOR COSTS	.00	**	**	
DESCRIPTION OF YOUR VEHICLES:	\$ .00			

AUTHORIZED COUNTERSIGNING AGENT R.E. BARRETT

SEE CODES ON REVERSE FOR EXPLANATION OF CHG N

\*\* - INDICATES NO CHANGE

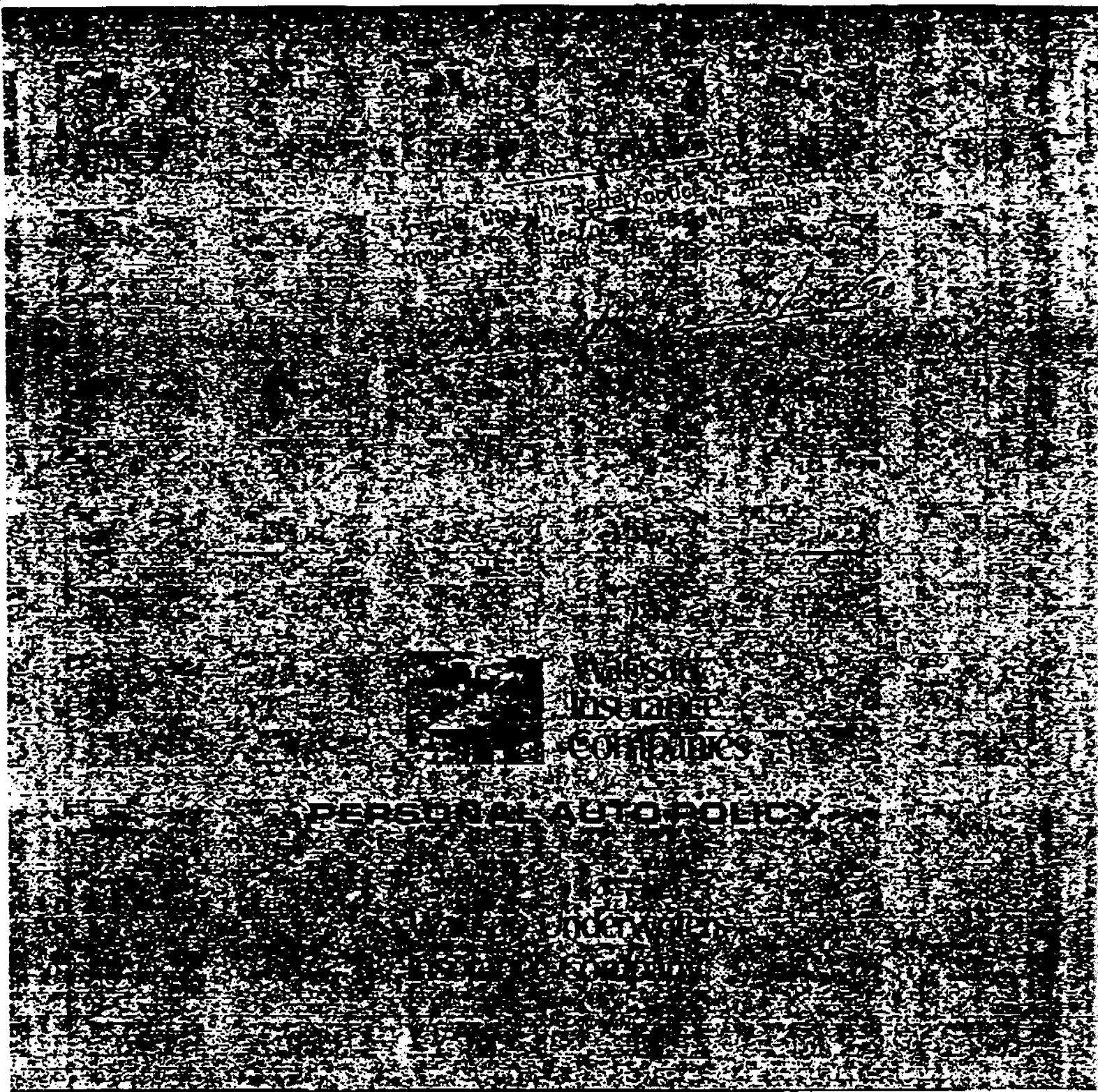
DESCRIPTION OF YOUR VEHICLES:				
CAR1	77 LINC VERSL			
CAR2	81 PONT T/A 2DR	**		
CAR3	78 OLDS REG 2D		**	
CAR4				

TOTAL ADDITIONAL PREMIUM

FINANCED BY OR LEASED FROM GARAGING LOC

	CAR1	CAR2	CAR3	CAR4
4098411				
4098451				
4098410				

ENDORSEMENTS AND/OR ATTACHMENTS TO POLICY: P69 P9 P64 V1029 VNF6



WAUSAU  
INSURANCE  
CORPORATION

PERSONAL AUTO POLICY

0003

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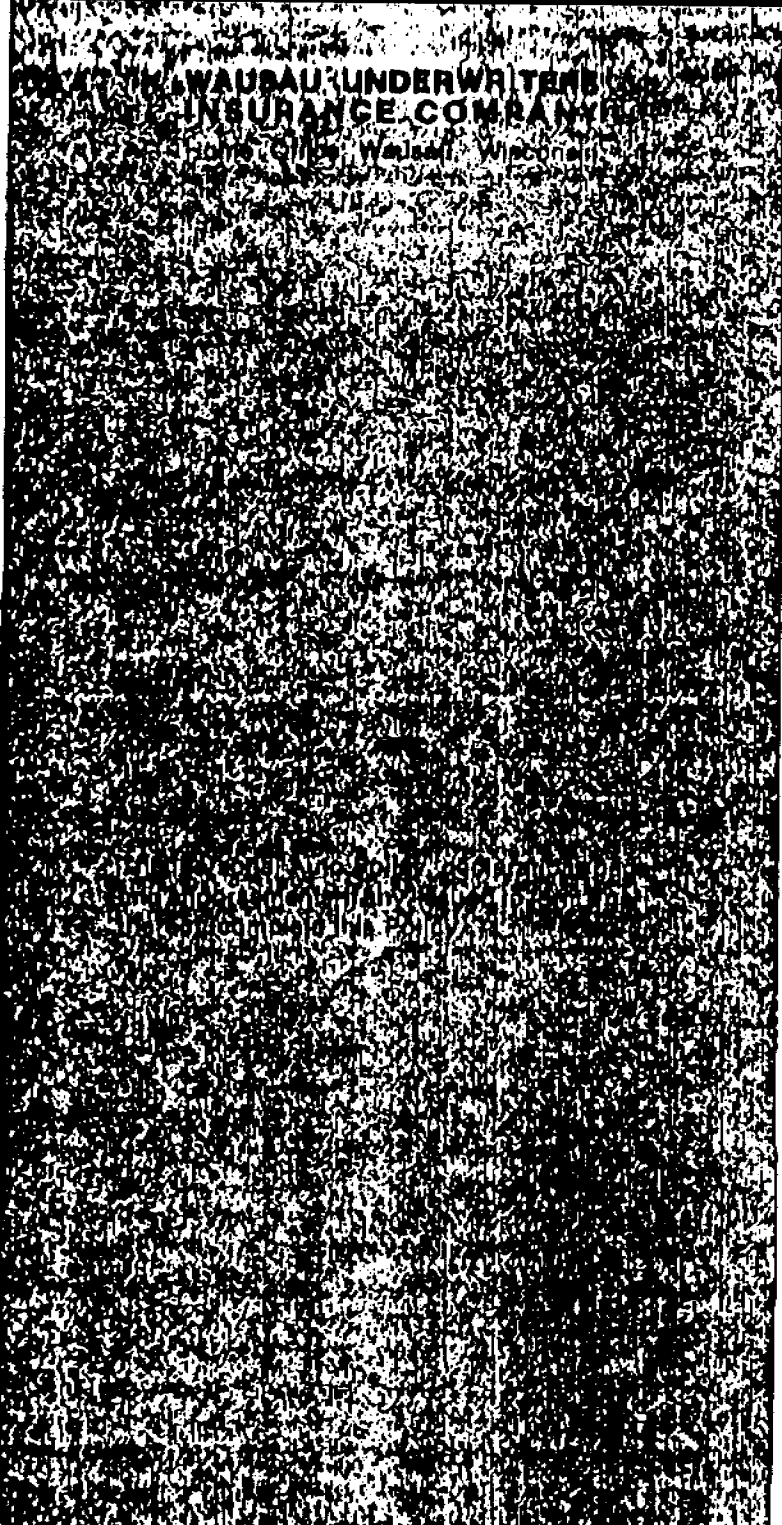
WAUSAU ORLANDO

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12/06/90



**WAUSAU UNDERWRITERS  
INSURANCE COMPANY**

**QUICK REFERENCE**

**DECLARATIONS PAGE**

Your Name and Address  
Your Auto or Trailer  
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Loss Payable Clause

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## PERSONAL AUTO POLICY

**AGREEMENT**

In return for payment of the premium and subject to all the terms of this policy, we agree with you as follows:

**DEFINITIONS**

Throughout this policy, "you" and "your" refer to:

1. The "named insured" shown in the Declarations; and
2. The spouse if a resident of the same household.

"We", "us" and "our" refer to the Company providing this insurance.

For purposes of this policy, a private passenger type auto shall be deemed to be owned by a person if leased:

1. Under a written agreement to that person; and
2. For a continuous period of at least 6 months.

Other words and phrases are defined. They are bold-faced when used.

**"Family member"** means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child.

**"Occupying"** means in, upon, getting in, on, out or off.

**"Trailer"** means a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup, panel truck, or van.

It also means a farm wagon or farm implement while towed by a vehicle listed in 1. or 2. above.

**"Your covered auto"** means:

1. Any vehicle shown in the Declarations.
2. Any of the following types of vehicles on the date you become the owner:
  - a. a private passenger auto; or
  - b. a pickup, panel truck or van, not used in any business or occupation other than farming or ranching.

This provision applies only if you:

- a. acquire the vehicle during the policy period; and
- b. ask us to insure it within 30 days after you become the owner.

If the vehicle you acquire replaces one shown in the Declarations, it will have the same coverage as the vehicle it replaced. You must ask us to insure a replacement vehicle within 30 days only if you wish to add or continue Coverage for Damage to Your Auto.

If the vehicle you acquire is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations.

3. Any trailer you own.
4. Any auto or trailer you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
  - a. breakdown;
  - b. repair;
  - c. servicing;
  - d. loss; or
  - e. destruction.

### **PART A—LIABILITY COVERAGE**

#### **INSURING AGREEMENT**

We will pay damages for bodily injury or property damage for which any covered person becomes legally responsible because of an auto accident. We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted.

"Covered person" as used in this Part means:

1. You or any family member for the ownership, maintenance or use of any auto or trailer.
2. Any person using your covered auto.
3. For your covered auto, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or trailer, other than your covered auto, any person or organization but only with respect to legal responsibility for acts or omissions of you or any family member for whom coverage is afforded under this Part. This provision applies only if the person or organization does not own or hire the auto or trailer.

#### **SUPPLEMENTARY PAYMENTS**

In addition to our limit of liability, we will pay on behalf of a covered person:

1. Up to \$250 for the cost of bail bonds required because of an accident, including related traffic law violations. The accident must result in bodily injury or property damage covered under this policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
3. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends

- when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$50 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
  5. Other reasonable expenses incurred at our request.

#### **EXCLUSIONS**

A. We do not provide Liability Coverage for any person:

1. Who intentionally causes bodily injury or property damage.
2. For damage to property owned or being transported by that person.
3. For damage to property:
  - a. rented to;
  - b. used by; or
  - c. in the care of;
 that person.

This exclusion does not apply to damage to:

- a. a residence or private garage; or
- b. any of the following type vehicles not owned by or furnished or available for the regular use of you or any family member:
  - (1) private passenger autos;
  - (2) trailers; or
  - (3) pickups, panel trucks, or vans.

4. For bodily injury to an employee of that person during the course of employment. This exclusion does not apply to bodily injury to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.
5. For that person's liability arising out of the ownership or operation of a vehicle while it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool.
6. While employed or otherwise engaged in the business or occupation of:
  - a. selling;
  - b. repairing;
  - c. servicing;
  - d. storing; or
  - e. parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery. This exclusion does not apply to the ownership, maintenance or use of your covered auto by:

- a. you;
- b. any family member; or
- c. any partner, agent or employee of you or any family member.

**PART B—MEDICAL PAYMENTS COVERAGE****INSURING AGREEMENT**

We will pay reasonable expenses incurred for necessary medical and funeral services because of bodily injury:

1. Caused by accident; and
2. Sustained by a covered person.

We will pay only those expenses incurred within 3 years from the date of the accident.

"Covered person" as used in this Part means:

1. You or any family member:
  - a. while occupying; or
  - b. as a pedestrian when struck by; a motor vehicle designed for use mainly on public roads or a trailer of any type.
2. Any other person while occupying your covered auto.

**EXCLUSIONS**

We do not provide Medical Payments Coverage for any person for bodily injury:

1. Sustained while occupying any motorized vehicle having less than four wheels.
2. Sustained while occupying your covered auto when it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool.
3. Sustained while occupying any vehicle located for use as a residence or premises.
4. Occurring during the course of employment if workers' compensation benefits are required or available for the bodily injury.
5. Sustained while occupying or, when struck by, any vehicle (other than your covered auto) which is:
  - a. owned by you; or
  - b. furnished or available for your regular use.
6. Sustained while occupying or, when struck by, any vehicle (other than your covered auto) which is:
  - a. owned by any family member; or
  - b. furnished or available for the regular use of any family member.

However, this exclusion does not apply to you.

7. Sustained while occupying a vehicle without a reasonable belief that that person is entitled to do so.
8. Sustained while occupying a vehicle when it is being used in the business or occupation of a covered person. This exclusion does not apply to bodily injury sustained while occupying a:
  - a. private passenger auto;

b. pickup, panel truck, or van that you own; or  
c. trailer used with a vehicle described in a. or b. above.

9. Caused by or as a consequence of:
  - a. discharge of a nuclear weapon (even if accidental);
  - b. war (declared or undeclared);
  - c. civil war;
  - d. insurrection; or
  - e. rebellion or revolution.
10. From or as a consequence of the following, whether controlled or uncontrolled or however caused:
  - a. nuclear reaction;
  - b. radiation; or
  - c. radioactive contamination.

**LIMIT OF LIABILITY**

The limit of liability shown in the Declarations for this coverage is our maximum limit of liability for each person injured in any one accident. This is the most we will pay regardless of the number of:

1. Covered persons;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the accident.

Any amounts otherwise payable for expenses under this coverage shall be reduced by any amounts paid or payable for the same expenses under Part A or Part C.

No payment will be made unless the injured person or that person's legal representative agrees in writing that any payment shall be applied toward any settlement or judgment that person receives under Part A or Part C.

**OTHER INSURANCE**

If there is other applicable auto medical payments insurance we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible auto insurance providing payments for medical or funeral expenses.

**PART C—UNINSURED MOTORISTS COVERAGE****INSURING AGREEMENT**

We will pay damages which a covered person is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of bodily injury:

1. Sustained by a covered person; and
2. Caused by an accident.

The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the uninsured motor vehicle.

Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

"Covered person" as used in this Part means:

1. You or any family member.
2. Any other person occupying your covered auto.
3. Any person for damages that person is entitled to recover because of bodily injury to which this coverage applies sustained by a person described in 1. or 2. above.

"Uninsured motor vehicle" means a land motor vehicle or trailer of any type:

1. To which no bodily injury liability bond or policy applies at the time of the accident.
2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which your covered auto is principally garaged.
3. Which is a hit and run vehicle whose operator or owner cannot be identified and which hits:
  - a. you or any family member;
  - b. a vehicle which you or any family member are occupying; or
  - c. your covered auto.
4. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
  - a. denies coverage; or
  - b. is or becomes insolvent.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

1. Owned by or furnished or available for the regular use of you or any family member.
2. Owned or operated by a self-insurer under any applicable motor vehicle law.
3. Owned by any governmental unit or agency.
4. Operated on rails or crawler treads.
5. Designed mainly for use off public roads while not on public roads.
6. While located for use as a residence or premises.

#### EXCLUSIONS

A. We do not provide Uninsured Motorists Coverage for bodily injury sustained by any person:

1. While occupying, or when struck by, any motor

vehicle owned by you or any family member which is not insured for this coverage under this policy. This includes a trailer of any type used with that vehicle.

2. If that person or the legal representative settles the bodily injury claim without our consent.

3. While occupying your covered auto when it is being used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool.

4. Using a vehicle without a reasonable belief that that person is entitled to do so.

B. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:

1. workers' compensation law; or
2. disability benefits law.

#### LIMIT OF LIABILITY

The limit of liability shown in the Declarations for "each person" for Uninsured Motorists Coverage is our maximum limit of liability for all damages for bodily injury sustained by any one person in any one accident. Subject to this limit for "each person", the limit of liability shown in the Declarations for "each accident" for Uninsured Motorists Coverage is our maximum limit of liability for all damages for bodily injury resulting from any one accident. This is the most we will pay regardless of the number of:

1. Covered persons;
2. Claims made;
3. Vehicles or premiums shown in the Declarations; or
4. Vehicles involved in the accident.

Any amounts otherwise payable for damages under this coverage shall be reduced by all sums:

1. Paid because of the bodily injury by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the bodily injury under any of the following or similar law:
  - a. workers' compensation law; or
  - b. disability benefits law.

Any payment under this coverage will reduce any amount that person is entitled to recover for the same damages under Part A.

#### OTHER INSURANCE

If there is other applicable similar insurance we will pay only our share of the loss. Our share is the proportion

...the limit of liability bears to the limit of an applicable limit. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible insurance.

#### ARBITRATION

If we and a covered person do not agree:

1. Whether that person is legally entitled to recover damages under this Part; or
  2. As to the amount of damages;
- either party may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
  2. Bear the expenses of the third arbitrator equally.
- Unless both parties agree otherwise, arbitration will take place in the county in which the covered person lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding as to:

1. Whether the covered person is legally entitled to recover damages; and
2. The amount of damages. This applies only if the amount does not exceed the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which your covered auto is principally garaged. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrators' decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

#### PART D-COVERAGE FOR DAMAGE TO YOUR AUTO

##### INSURING AGREEMENT

We will pay for direct and accidental loss to your covered auto, including its equipment, minus any applicable deductible shown in the Declarations. However, we will pay for loss caused by collision only if the Declarations indicate that Collision Coverage is provided.

"Collision" means the upset, or collision with another object of your covered auto. However, loss caused by the following are not considered "collision":

1. Missiles or falling objects;
2. Fire;

3. Theft or larceny;
4. Explosion or earthquake;
5. Windstorm;
6. Hail, water or flood;
7. Malicious mischief or vandalism;
8. Riot or civil commotion;
9. Contact with bird or animal; or
10. Breakage of glass.

If breakage of glass is caused by a collision, you may elect to have it considered a loss caused by collision.

##### TRANSPORTATION EXPENSES

In addition, we will pay up to \$10 per day, to a maximum of \$300, for transportation expenses incurred by you. This applies only in the event of the total theft of your covered auto. We will pay only transportation expenses incurred during the period:

1. Beginning 48 hours after the theft; and
2. Ending when your covered auto is returned to use or we pay for its loss.

##### EXCLUSIONS

We will not pay for:

1. Loss to your covered auto which occurs while it is used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense car pool.
2. Damage due and confined to:
  - a. wear and tear;
  - b. freezing;
  - c. mechanical or electrical breakdown or failure; or
  - d. road damage to tires.This exclusion does not apply if the damage results from the total theft of your covered auto.
3. Loss due to or as a consequence of:
  - a. radioactive contamination;
  - b. discharge of any nuclear weapon (even if accidental);
  - c. war (declared or undeclared);
  - d. civil war;
  - e. insurrection; or
  - f. rebellion or revolution.
4. Loss to equipment designed for the reproduction of sound. This exclusion does not apply if the equipment is permanently installed in your covered auto.
5. Loss to tapes, records or other devices for use with equipment designed for the reproduction of sound.
6. Loss to a camper body or trailer not shown in the Declarations. This exclusion does not apply to a camper body or trailer you:



- a. acquire during the policy period; and  
 b. ask us to insure within 30 days after you become the owner.
7. Loss to any vehicle while used as a temporary substitute for a vehicle you own which is out of normal use because of its:
- breakdown;
  - repair;
  - servicing;
  - loss; or
  - destruction.
8. Loss to:
- TV antennas;
  - awnings or cabanas; or
  - equipment designed to create additional living facilities.
9. Loss to any of the following or their accessories:
- citizens band radio;
  - two-way mobile radio;
  - telephone; or
  - scanning monitor receiver.

This exclusion does not apply if the equipment is permanently installed in the opening of the dash or console of the auto. This opening must be normally used by the auto manufacturer for the installation of a radio.

10. Loss to any custom furnishings or equipment in or upon any pickup, panel truck or van. Custom furnishings or equipment include but are not limited to:
- special carpeting and insulation, furniture, bars or television receivers;
  - facilities for cooking and sleeping;
  - height-extending roofs; or
  - custom murals, paintings or other decals or graphics.

#### **TOWING AND LABOR COSTS COVERAGE**

We will pay up to the amount shown in the Declarations for towing and labor costs incurred each time your covered auto is disabled. The labor must be performed at the place of disablement.

#### **RENTAL REIMBURSEMENT/ ADDITIONAL TRANSPORTATION EXPENSES**

When there is a loss to one of your covered autos and the Declarations indicates that Rental Reimburse-

ment/Transportation Expenses Coverage is provided:

- A. We will reimburse you for expenses you incur to rent a substitute auto. This coverage applies only if:
- The covered auto is withdrawn from use for more than 24 hours and
  - The loss is caused by collision or covered under the Coverage for Damage to Your Auto provision of this policy.

However, this coverage does not apply when there is a total theft of the auto. Our payment will be limited to that period of time reasonably required to repair or replace the auto. We will pay up to \$15 per day to a maximum of \$450.

B. In addition to the amount indicated under Transportation Expenses, we will pay an additional \$5 per day to an additional \$150 maximum, for transportation expenses incurred by you. This applies only in the event of the total theft of your auto. We will pay only transportation expenses incurred during the period:

- Beginning 48 hours after the theft; and
- Ending when your covered auto is returned to use or we pay for its loss.

#### **LIMIT OF LIABILITY**

Our limit of liability for loss will be the lesser of the:

- Actual cash value of the stolen or damaged property; or
- Amount necessary to repair or replace the property.

#### **PAYMENT OF LOSS**

We may pay for loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

- You; or
- The address shown in this policy.

If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value.

#### **NO BENEFIT TO BAILEE**

This insurance shall not directly or indirectly benefit any carrier or other bailee for hire.

#### **OTHER INSURANCE**

If other insurance also covers the loss we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits.

WALSLEY ORLANDO 2711 407 17:00 12/06/90

**APPRAISAL**

If we and you do not agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
  2. Bear the expenses of the appraisal and umpire equally.
- We do not waive any of our rights under this policy by agreeing to an appraisal.

**PART E—DUTIES AFTER AN ACCIDENT OR LOSS**

**GENERAL DUTIES**

We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.

A person seeking any coverage must:

1. Cooperate with us in the investigation, settlement or defense of any claim or suit.
2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
3. Submit, as often as we reasonably require, to physical exams by physicians we select. We will pay for these exams.
4. Authorize us to obtain:
  - a. medical reports; and
  - b. other pertinent records.
5. Submit a proof of loss when required by us.

**ADDITIONAL DUTIES FOR UNINSURED MOTORISTS COVERAGE**

A person seeking Uninsured Motorists Coverage must also:

1. Promptly notify the police if a hit and run driver is involved.
2. Promptly send us copies of the legal papers if a suit is brought.

**ADDITIONAL DUTIES FOR COVERAGE FOR DAMAGE TO YOUR AUTO**

A person seeking Coverage for Damage to Your Auto must also:

1. Take reasonable steps after loss to protect your covered auto and its equipment from further loss. We will pay reasonable expenses incurred to do this.
2. Promptly notify the police if your covered auto is stolen.
3. Permit us to inspect and appraise the damaged property before its repair or disposal.

**PART F—GENERAL PROVISIONS**

**BANKRUPTCY**

Bankruptcy or insolvency of the covered person shall not relieve us of any obligations under this policy.

**CHANGES**

This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of change.

We may revise this policy form to provide more coverage without additional premium charge. If we do this your policy will automatically provide the additional coverage as of the date the revision is effective in your state.

**LEGAL ACTION AGAINST US**

No legal action may be brought against us until there has been full compliance with all the terms of this policy. In addition, under Part A, no legal action may be brought against us until:

1. We agree in writing that the covered person has an obligation to pay; or
2. The amount of that obligation has been finally determined by judgment after trial.

No person or organization has any right under this policy to bring us into any action to determine the liability of a covered person.

**OUR RIGHT TO RECOVER PAYMENT**

A. If we make a payment under this policy and the

person to or for whom payment was made has a right to recover damages from another we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
2. Nothing after loss to prejudice them.

However, our rights in this paragraph do not apply under Part D, against any person using your covered auto with a reasonable belief that that person is entitled to do so.

B. If we make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:

1. Hold in trust for us the proceeds of the recovery; and
2. Reimburse us to the extent of our payment.

#### **POLICY PERIOD AND TERRITORY**

This policy applies only to accidents and losses which occur:

1. During the policy period as shown in the Declarations; and
2. Within the policy territory.

The policy territory is:

1. The United States of America, its territories or possessions;
2. Puerto Rico; or
3. Canada

This policy also applies to loss to, or accidents involving, your covered auto while being transported between their ports.

#### **TERMINATION**

**Cancellation.** This policy may be cancelled during the policy period as follows:

1. The named insured shown in the Declarations may cancel by:
  - a. returning this policy to us; or
  - b. giving us advance written notice of the date cancellation is to take effect.
2. We may cancel by mailing to the named insured shown in the Declarations at the address shown in this policy:
  - a. at least 10 days notice:
    - (1) if cancellation is for nonpayment of premium; or
    - (2) if notice is mailed during the first 60 days this policy is in effect and this is not a renewal or continuation policy; or
  - b. at least 20 days notice in all other cases.

3. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, we will cancel only:

- a. for nonpayment of premium; or
- b. if your driver's license or that of:
  - (1) any driver who lives with you; or
  - (2) any driver who customarily uses your covered auto;

has been suspended or revoked. This must have occurred:

- (1) during the policy period; or
- (2) since the last anniversary of the original effective date if the policy period is other than 1 year.

**Nonrenewal.** If we decide not to renew or continue this policy, we will mail notice to the named insured shown in the Declarations at the address shown in this policy. Notice will be mailed at least 20 days before the end of the policy period. If the policy period is other than 1 year, we will have the right not to renew or continue it only at each anniversary of its original effective date.

**Automatic Termination.** If we offer to renew or continue and you or your representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If you obtain other insurance on your covered auto, any similar insurance provided by this policy will terminate as to that auto on the effective date of the other insurance.

#### **Other Termination Provisions.**

1. If the law in effect in your state at the time this policy is issued, renewed or continued:
  - a. requires a longer notice period;
  - b. requires a special form of or procedure for giving notice; or
  - c. modifies any of the stated termination reasons;we will comply with those requirements.
2. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
3. If this policy is cancelled, you may be entitled to a premium refund. If so, we will send you the refund. The premium refund, if any, will be computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

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**TRANSFER OF YOUR INTEREST IN THIS POLICY**

Your rights and duties under this policy may not be assigned without our written consent. However, if a named insured shown in the Declarations dies, coverage will be provided for:

1. The surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Declarations; or
2. The legal representative of the deceased person as if a named insured shown in the Declarations. This applies only with respect to the representative's legal responsibility to maintain or use your covered auto.

Coverage will only be provided until the end of the policy period.

**TWO OR MORE AUTO POLICIES**

If this policy and any other auto insurance policy issued to you by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

**LOSS PAYABLE CLAUSE**

Loss or damage under this policy shall be paid as interest may appear to you and the loss payee shown in the declarations. This insurance covering the interest of the loss payee shall become invalid only because of your conversion or secretion of your covered auto. However, we reserve the right to cancel the policy as permitted by policy terms and the cancellation shall terminate this agreement as to the loss payee's interest. We will give the Loss Payee 10 days notice of cancellation.

When we pay the loss payee, we shall, to the extent of payment be subrogated to the loss payee's right of recovery.

**PARTICIPATING POLICY CONDITIONS**

Without Contingent Liability. No Contingent Liability: This policy is non-assessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors, in accordance with the pro-

visions of law, in the distribution of an amount and determined.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

  
Secretary

  
President



# Bill Analysis



## Florida House of Representatives

H. Lee Moffitt, Speaker Steve Pajcik, Speaker pro tempore

Committee on Commerce

JAN 17 1985

Samuel P. Bell, III  
Chairman

Dexter W. Lehtinen  
Vice Chairman

### STAFF SUMMARY AND ANALYSIS

CS/HB ~~319~~ 319 by Commerce and

DATE: February 16, 1984

Gustafson and Thompson

relating to Uninsured Motorist

REVISED: March 19, 1984

Coverage

REVISED: \_\_\_\_\_

Other Committees of Reference:

IDENTICAL\*/SIMILAR BILLS:

SB 243

EFFECTIVE DATE: \_\_\_\_\_

October 1, 1984

#### I. SUMMARY AND PURPOSE

This bill requires motor vehicle insurers to offer only excess uninsured motorist coverage. The bill also requires lessors to offer lessees uninsured motorist coverage when providing liability insurance as part of lease of a 1-year or longer. Written rejections are required to be on forms containing certain disclosures, and such rejections are a conclusive presumption of a knowing rejection. Insurers would no longer be required to offer UM limits up to \$100,000/\$300,000, but are required to offer limits up to the bodily injury liability limits purchased.

#### II. CURRENT LAW AND EFFECT OF CHANGES

##### A. CURRENT LAW

Currently there are two forms of uninsured motorist coverage available to policyholders in Florida, the standard uninsured motorist coverage, and the new excess uninsured motorist coverage. The excess uninsured motorist coverage was first required to be made available in the 1982 rewrite of the Insurance Code. Under the standard uninsured motorist coverage, the amount of protection available to a policyholder is reduced by any liability insurance available to him from the other driver. The new excess uninsured motorist coverage provides that the full limit of uninsured motorist protection is available in addition to, and not reduced by, the other party's liability coverage.

For example, assume a motorist purchases uninsured motorist coverage with limits of \$10,000 per person, \$20,000 per accident. He is involved in an accident with another motorist who has bodily injury liability insurance of \$10,000 per person, \$20,000 per accident. Under these facts, no uninsured motorist coverage is available if the motorist has purchased the standard uninsured motorist protection. If the motorist elected to purchase the excess uninsured motorist coverage, assuming the damages are sufficient, the full \$10,000 excess UM would be available, in addition to the \$10,000 liability insurance available from the other driver.

Presently insurers are required to offer both the standard and excess forms of uninsured motorist coverage to policyholders. Unless rejected in writing, the standard uninsured motorist coverage must be provided.

Present law requires insurers to make available UM limits up to \$100,000 per person, \$300,000 per occurrence, irrespective of the limits of bodily injury liability purchased.

The present statute does not specifically address the situation of general liability policies issued to a insured, usually a business, which covers many types of legal liability, including motor vehicle liability, but which policy does not refer to specific vehicles. Nor does the statute specifically address umbrella or excess policies which provide liability coverage in excess of the primary coverage for a fleet of vehicles owned or used by a business. In these situations it has generally been held that if uninsured motorist coverage is not rejected in writing, such coverage is deemed to be provided up to the limits of bodily injury liability purchased.

Present law also requires that when a motor vehicle is leased for a period of one year or longer and the lessor provides liability coverage in a policy wherein the lessee is a named insured or on a certificate of a master policy issued to the lessor, the lessee shall have the sole privilege to reject uninsured motorist coverage. The qualification of there being "a policy wherein the lessee is a named insured or on a certificate of a master policy issued to the lessor" has the effect of making the requirement of offering uninsured motorist coverage inapplicable to a lessor (such as a car rental agency) that is self-insured or to a lessor that as named insured under a policy has rejected uninsured motorist coverage and there were no "certificates of a master policy" covering the lessees.

#### B. EFFECT OF PROPOSED CHANGES

The bill makes excess uninsured motorist coverage the only type of uninsured motorist coverage required to be offered by insurers. As presently required for the standard form of uninsured motorist coverage, excess uninsured motorist coverage would be required to be provided unless rejected in writing by a named insured. As explained above, excess uninsured motorist coverage provides limits of coverage that are in addition to, and not reduced by, the other driver's liability coverage.

The bill eliminates the requirement that insurers make available UM limits up to \$100,000/\$300,000 and, instead, requires insurers to offer UM limits up to the limits of bodily injury liability purchased.

Written rejections of UM coverage (or selection of UM limits less than liability limits purchased) must be on forms approved by the Insurance Commissioner, and such forms must advise the applicant of the nature of the coverage and must state: "You are electing not to purchase certain valuable coverage which protects

you and your family or you are purchasing uninsured motorist limits less than your bodily injury liability limits when you sign this form. Please read carefully." The bill provides that a signed rejection by a named insured shall be a conclusive presumption of an informed, knowing rejection.

The bill limits the applicability of the uninsured motorist requirements to liability policies covering specifically insured or identified motor vehicles. This would exempt from the statute's requirements comprehensive general liability policies or special multi-peril policies which provide coverage for many types of liability of an insured (usually a business) but which do not specifically identify vehicles that are covered. The bill also limits the applicability of the written rejection and minimum limit requirements to policies providing primary liability coverage for a motor vehicle. Therefore, such requirements would not apply to excess or umbrella-type policies which may cover specific vehicles, but which provide excess coverage over a layer of primary coverage. However, the insurer issuing such excess policies must make available as part of the application and at the written request of the insured, UM limits up to the bodily injury liability limits contained in such policies.

The bill also clarifies that whether a named insured rejects UM coverage or elects limits of UM coverage lower than liability limits, UM limits equal to liability limits need not be provided in any policy which renews, extends, changes, supersedes, or replaces the existing policy. This would be the case even if the replacement policy is issued by a different insurer.

The bill also enhances the requirement that long-term lessees of vehicles (one year or longer) be provided the option to buy uninsured motorist coverage when the lessor provides liability coverage. By striking the qualification that there must be "a policy wherein the lessee is a named insured or on a certificate of a master policy issued to the lessor," the bill will require lessors to offer uninsured motorist coverage to long-term lessees if liability coverage is provided, whether or not the lessor is self-insured or is the named insured under a policy. In other words, if a lessor, such as a car rental agency, provides liability insurance to its long-term lessees, it must in all cases offer uninsured motorist coverage. Such coverage would be automatically provided unless rejected in writing by the lessee.

### III. ECONOMIC IMPACT CONSIDERATIONS

#### A. PRIVATE SECTOR CONSIDERATIONS

Making excess uninsured motorist coverage the only UM coverage would increase the premium for those individuals who currently carry the standard form of uninsured motorist protection, to reflect the increase in protection. The following is an example of the annual premiums for the standard and excess forms of uninsured motorist coverage that five insurers currently have filed with the Department of Insurance. The first chart shows the UM rates for Miami, and the second chart shows the UM rates for both Orlando and Tallahassee which are identical, except for Allstate.



UNINSURED MOTORIST RATES

Miami

	<u>10,000/ 20,000 UM</u>	<u>10,000/Excess 20,000 UM</u>	<u>100,000/ 300,000 UM</u>	<u>100,000/Exce 300,000 UM</u>
1. Allstate	\$ 111	\$ 134	\$ 266	\$ 276
2. FJUA	175	228	551	579
3. Nationwide	26	32	76	79
4. Progressive American	85	111	268	281
5. State Farm	77	93	163	179

Orlando (O) and Tallahassee (T)  
(identical except Allstate)

	<u>\$22(O) 8(T)</u>	<u>\$25(O) 11(T)</u>	<u>\$54(O) 40(T)</u>	<u>\$56(O) 42(T)</u>
1. Allstate	\$ 60	\$ 78	\$ 189	\$ 198
2. FJUA	20	26	70	73
3. Nationwide	20	26	63	66
4. Progressive American	17	25	62	70
5. State Farm				

The bill would make the premiums for excess uninsured motorist applicable to all persons choosing to purchase this coverage.

Car rental agencies, motor vehicle dealers and other lessors of vehicles for a period of one-year or more will be required to offer uninsured motorist coverage to their lessees whether or not the lessor is self-insured or the named insured. This requirement applies only if the lessor provides liability coverage. The economic impact on such lessors is dependent upon the premium charged for the UM coverage and its underwriting experience. Lessees of such vehicles will be guaranteed the option to elect UM coverage and gain the added protection of such coverage.

B. PUBLIC SECTOR CONSIDERATIONS

None.