



TECHNICAL ADVISORY

DIVISION OF MOTORIST SERVICES

DATE: 08/01/2014	Technical Advisory DE14-003
SUBJECT: Important Notice to all Licensed Dealers regarding the Penalty for Cancellation of Garage Liability Insurance by their Garage Liability Insurance Companies	

Overview:

Section 320.27(3), Florida Statutes states in part that Motor Vehicle Dealers must submit a garage liability insurance policy or a general liability insurance policy coupled with a business automobile policy. Such policy shall be for the license period, and evidence of a new or continued policy shall be delivered to the Department at the beginning of each license period.

Section 320.27(12), Florida Statutes states in part that the Department may levy and collect a civil fine in an amount not to exceed \$1,000 for each violation, against any licensee if it finds that the licensee has violated any provision of this section or has violated any other law of this state or the federal law and administrative rule set forth in paragraph (9)(a) related to dealing in motor vehicles. Any licensee shall be entitled to a hearing pursuant to chapter 120 if the licensee contests the fine levied, or about to be levied, upon him or her.

Details:

Garage liability insurance companies notify the Department in writing that they will cancel the insurance policy for a dealer on a specific date giving reasons for the cancellation. If the dealer does not provide proof of reinstatement or new insurance by the effective date of the cancellation, the Department will issue an Emergency Suspension Order (ESO) and Administrative Complaint suspending the dealer's license. Once the ESO is served on the dealer, the dealer then has 21 days to respond to the ESO. If, at the end of the 21 day period, the dealer does not provide proof of reinstatement or new insurance policy, the Department will revoke the dealer's license by way of an Administrative Action.

Conclusion:

The Department will take administrative action and fine all dealers that fail to comply with section 320.27(2), Florida Statutes. The fine for a lapse in coverage of Garage Liability Insurance Coverage is \$500 per incident.