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HOW STATES ENFORCE MANDATORY AUTOMOBILE INSURANCE LAWS

PREPARED FOR REPRESENTATIVE PETE HIGGINS

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked about the enforcement of automobile insurance laws. Specifically, you wanted information on state laws requiring that automobile liability insurance information be collected and available for comparison with motor vehicle records. This is commonly known as Automobile Liability Insurance Reporting. You were particularly interested in electronic or online insurance verification systems.

AUTOMOBILE LIABILITY INSURANCE REPORTING (ALIR) IN OTHER STATES

Automobile Liability Insurance Reporting (ALIR) is a tool used by officials in law enforcement and various states' motor vehicle departments to determine if a person is operating a vehicle without the required minimum liability insurance.¹ While many states, including Alaska, mandate that drivers carry proof of insurance—such as an insurance card—this “proof” provides no assurance that the policy is actually in effect.

Briefly, there are two basic types of ALIR systems in use throughout the country. Over half the states have implemented “traditional” ALIR programs, which involve significant cross-referencing between state and insurance databases. These systems can be costly and their effectiveness is unclear.

The more recent development in ALIR—**online insurance verification**—has been implemented by only a handful of states so far. Proponents of online verification laud its efficiency and lower technology costs but little data exists at present to support these claims. We will discuss online verification after first providing an overview of traditional ALIR regimes. At present, Alaska does not have a mandatory automobile insurance reporting program of any type.

¹ Estimating the number of uninsured motorists is very difficult; the general consensus, however, is that between 5 and 40 percent of the driving public in any given state operates without valid insurance.

Traditional ALIR Systems

Auto Liability Insurance Reporting laws currently exist in at least 31 states.² States implement their systems differently but the goals are the same—to enforce compulsory automobile financial responsibility laws. The vast majority of these states have instituted traditional (that is, systems that are not online) ALIR programs. In essence, these ALIR programs collect information on coverage from liability insurance providers, which can then be accessed by law enforcement and Department of Motor Vehicles (DMV) officials. The exchange of data is initiated by an insurer whenever individual policy information for a vehicle is activated, adjusted, or terminated. State DMV (or equivalent agency) personnel can then cross-reference the collected information to driver and vehicle data in order to identify registered vehicles that do not meet the minimum automobile liability requirements. The data elements reported, frequency of submissions, and methods of electronic communication vary by program and state.

The effectiveness of such laws is uncertain, primarily because there are significant disparities in the ways that effectiveness is calculated. Some jurisdictions credit reporting programs with reductions in their uninsured motorist rates, while other states indicate that their success is limited to having prevented the number of uninsured motorists from increasing. Insurers, for the most part, credit such programs with only an initial short-lived spike in purchases of insurance policies.³

A common concern regarding traditional ALIR systems is that they rely on a jurisdiction's ability to match vehicle information from a state's database (such as vehicle identification numbers and driver or registered owner information) with related data stored on an insurance carrier's database. The detailed cross-referencing needed can create data integrity issues, according to our review.

Traditional ALIR programs are implemented differently and there is no consensus model legislation for this particular type of verification system. To give examples of how some jurisdictions have set up their ALIR systems, we provide, as Attachment A, relevant statutes or program information from the following eight states: Arizona, Colorado, Kentucky, New Mexico, Oregon, South Carolina, Utah, and Virginia.⁴

An example of a state ALIR law, South Carolina Code § 56-10-230, *et seq.*, requires insurance companies to notify the Department of Motor Vehicles when a liability insurance policy is cancelled. A Notice of Cancellation of Policy is sent to the DMV and to the owner of the vehicle. The owner is required to update the DMV with current insurance information or surrender the vehicle license plates and registration. Failure of the owner to submit verification that the vehicle is currently insured, or inform the

² According to the Insurance Industry Committee on Motor Vehicle Administration (IICMVA), as of August 2010, the following 30 states had mandated liability insurance reporting: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Utah, Virginia, and Wyoming. We also identified that Montana has such a law. The IICMVA is an industry advisory group that operates as liaison between the insurance industry and Motor Vehicle Departments in the U.S. and Canada (www.iicmva.com). George Cooper, IICMVA vice chair, can be reached at (309) 763-8828.

³ George Cooper, IICMVA vice chair, (309) 763-8828, and "Electronic Insurance Reporting: Final Analysis Report, October 1999," prepared for the American Association of Motor Vehicle Administrators (AAMVA). The AAMVA focuses on motor vehicle administration, law enforcement and highway safety, and serves as an information clearinghouse in these areas (www.aamva.org/). The 56-page report is available at www.aamva.org/aamva/DocumentDisplay.aspx?id={4469C48D-C90D-43BE-BACB-DE61A55B902F}.

⁴ Additionally, the State of Oregon publishes a 58-page reporting instruction manual that details the state's ALIR system. This manual can be accessed at www.oregon.gov/ODOT/DMV/docs/ALIR_User_Guide.pdf. A similarly lengthy manual from Virginia is available at www.dmv.virginia.gov/webdoc/pdf/dmv72.pdf.

DMV of the current disposition, will result in the suspension of the owner's license and the vehicle plates and registration. If suspended, the owner may be required to pay a reinstatement fee of up to \$400.⁵

An Alternative Approach: Online Insurance Verification

An alternative method of identifying the status of liability insurance coverage that is gaining momentum is online insurance verification, a Web-based technology developed by the Insurance Industry Committee on Motor Vehicle Administration (IICMVA).

According to a 2010 report from the IICMVA entitled "Making the Case for Using Web Services to Verify Evidence of Auto Liability Insurance," which we include as Attachment B, an online insurance verification system could provide the following benefits:

- Jurisdictions could readily obtain documented insurance coverage information for motorists;
- Jurisdictions could incorporate online verification systems into their license plate renewal programs;
- There would be no need to exchange massive amounts of data;
- The confidentiality of insurance information would be protected within the confines of each insurance carrier's information technology environment; and
- The matching limitations and data integrity issues of current state reporting programs would be reduced.

The IICMVA report enumerates the following steps necessary to set up an online verification system:

- Each insurance company would be responsible for maintaining the data necessary to verify the insurance coverage provided to their own customers;
- Each insurance company would be responsible for maintaining a Web portal or service through which online insurance verification could take place;
- Valid verification inquiries would be made using key information to route a request to the appropriate carrier for a response;
- The information exchanged would be limited to only those items needed to accurately route the request and confirm coverage, keeping any privacy concerns to a minimum;
- The methods used to make requests could vary, as long as they were ultimately transmitted in a standard format set by the industry. For example, the key information could be entered into an Internet site that would appropriately format a request; and

⁵ More information on South Carolina's insurance requirements is available at www.scdmvonline.com/dmvnew/default.aspx?n=insurance_requirements.

- Confirmation of coverage, or lack thereof, would be sent back to the requesting entity for appropriate action.

At least five states currently use online systems to verify that a vehicle is insured: Montana, Nevada, Oklahoma, Texas, and Wyoming. The laws in each of these states require various state agencies to develop and implement an online insurance verification system. Insurers are required to maintain up-to-date databases of insured motorists that police can access via the Internet when motorists are stopped for traffic infractions or accident investigations.

States establishing online insurance verification ALIR systems have relied on specifications and standards developed by the Insurance Industry Committee on Motor Vehicle Administration. We include, as Attachment C, model legislation from the IICMVA regarding online insurance verification.⁶ Below we highlight aspects of the online verification systems set up in the aforementioned five states, many of which are similar. A sixth state, California, recently enacted a law that specifies the role of mobile electronic devices in online insurance verification. We discuss California's measure after summarizing the enacted laws in the other five states.

MONTANA

Montana Code § 61-6-157 requires the Montana Department of Justice, in cooperation with the insurance commissioner, to establish an accessible motor vehicle insurance verification system to ascertain a motor vehicle operator's compliance with insurance requirements. Under the law, the department may contract with a private vendor to establish and maintain the system.

The law specifies that the system must send requests to insurers to verify motor vehicle insurance via the Internet or similar electronic pathway that complies with IICMVA specifications and standards. It requires the system to be 1) secure against unauthorized access, and 2) accessible to authorized personnel, including law enforcement officers, 24 hours a day, seven days a week, except for reasonable periods of scheduled maintenance.

The law further requires each insurer to cooperate with the Department of Justice in establishing and maintaining the system, and provide access to motor vehicle insurance information to verify coverage.

The department implemented the Montana Insurance Verification System (MTIVS) to fulfill the law's requirements. Starting in the summer of 2012, the Montana Highway Patrol and other law enforcement agencies began using the MTIVS to electronically check for motor vehicle insurance compliance during traffic stops and at accident scenes.⁷

NEVADA

Nevada Revised Statutes § 485.313 requires the Department of Motor Vehicles, in cooperation with insurers, to create a system for verifying through the secure transmission and receipt of information that motor vehicle owners maintain the law's required insurance coverage.

The department developed the Nevada Liability Insurance Validation Electronically (LIVE) to fulfill the law's requirement. It worked with the Nevada LIVE IICMVA Task Force and used the IICMVA Model User Guide for Implementing Online Insurance Verification standards. The system is operational and allows

⁶ Additional information on online insurance verification can be accessed at www.iicmva.com/IICMVAPublications.html.

⁷ More information on MTIVS is available at <https://doj.mt.gov/driving/insurance-and-verification/>.

insurers and the department to exchange insurance policy information over a secure Internet connection.⁸

OKLAHOMA

Oklahoma Statutes Title 47 § 7-600.2 requires the Department of Public Safety, in cooperation with the Tax Commission and the Insurance Department, to create an online motor vehicle insurance verification system to ascertain whether a vehicle is insured as the law requires. The system must be accessible to authorized personnel, including law enforcement officers, 24 hours a day through the Internet or similar electronic system.

The law requires law enforcement officers, during a traffic stop or accident investigation, to access the online database to check for compliance with insurance requirements. If the officer cannot confirm compliance, he or she must issue a citation to the motor vehicle operator for failure to comply with the compulsory insurance law. However, suspecting noncompliance with the insurance law cannot be the primary reason for law enforcement to stop a motor vehicle.

The law requires insurers, as a condition of writing policies in Oklahoma, to cooperate with the department in establishing and maintaining the online verification system, and to provide access to insurance policy information. The department established the Oklahoma Compulsory Insurance Verification System (OCIVS) to fulfill the law's requirements. The system is available through the Internet or the Oklahoma Law Enforcement Telecommunications System.⁹

TEXAS

Texas Transportation Code § 601.451, *et seq.* requires the Department of Insurance, in consultation with the departments of Information Resources, Public Safety, and Motor Vehicles, to establish a program to ascertain whether motor vehicle owners have the required insurance coverage. The program must be likely to reduce the number of uninsured motorists in the state, operate reliably, be cost-effective, sufficiently safeguard the security and integrity of data, and provide accurate and current information.

The department established TexasSure Vehicle Insurance Verification, an online verification system, to fulfill the law's requirements. TexasSure allows law enforcement officers to confirm whether a Texas-registered passenger vehicle has a valid auto liability insurance policy. All insurers writing personal auto insurance in the state are required to provide weekly updates to the TexasSure vendor, HDI Solutions, Inc.¹⁰

WYOMING

Wyoming Statutes §§ 31-4-103(e) and 31-8-203 require the Department of Transportation to establish an online motor vehicle insurance verification program. The system must be accessible 24 hours a day through the Internet by authorized personnel, including law enforcement officers. The department may contract with a private vendor to assist in establishing and maintaining the system.

⁸ More information on Nevada's system is available at www.dmvnv.com/nvlive.htm.

⁹ Additional information on OCIVS is available at www.dps.state.ok.us/OCIVS/.

¹⁰ More information on TexasSure is available at www.tdi.texas.gov/auto/frvp_company.html#faq.

The law requires insurers to cooperate with the department in establishing and maintaining the online verification system, and to provide access to insurance policy information.¹¹ Wyoming used IICMVA standards when setting up its program and selected the company VeriSol—which has worked with a number of states on their Auto Liability Insurance Reporting systems—as the software vendor.¹²

California

Section 515 and 16028 of the California Insurance and Vehicle Codes, respectively, were amended in September 2012 with the passage of Assembly Bill 1708. This measure requires the driver of a motor vehicle to provide proof of financial responsibility for the vehicle and that such evidence may be provided using a mobile electronic device. Below is an excerpt from the California Legislative Counsel's Digest overview of the measure. We include the entire document as Attachment D.

Existing [California] law requires every driver and every owner of a motor vehicle to be able to establish financial responsibility and, at all times, carry in the vehicle evidence of a form of financial responsibility, which may be obtained by a law enforcement officer from the electronic reporting system established by the Department of Motor Vehicles. Existing law requires, upon the demand of a peace officer, that evidence of registration and proof of financial responsibility be provided by a person driving a motor vehicle.

Existing law requires a driver who is issued a notice to appear for any alleged violation of the Vehicle Code or the driver of a motor vehicle involved in an accident to furnish written evidence of financial responsibility. Existing law requires an insurer issuing policies of automobile liability insurance or motor vehicle liability insurance, upon the request of its insured or the Department of Motor Vehicles, to promptly issue written verification as to the existence of that coverage.

This bill would authorize an insurer issuing policies of automobile liability insurance or motor vehicle insurance to issue, upon the request of the insured and to the extent available, electronic verification as to the existence of the coverage to a mobile electronic device, as defined, and would allow a person to provide evidence of financial responsibility, under the circumstances described above, through the use of a mobile electronic device.

The bill would require, when a person provides evidence of financial responsibility, using a mobile electronic device, to a peace officer, the peace officer to only view the evidence of financial responsibility and would prohibit him or her from viewing any other content on the mobile electronic device. The bill would also require, whenever a person presents a mobile electronic device pursuant to the above-described provisions, the person to assume all liability for any damage to the mobile electronic device.

George Cooper, a State Farm Insurance executive in addition to his position as vice chair with the IICMVA, relates that the insurance industry understands the likelihood that mandatory insurance reporting is here to stay. Notwithstanding the lack of a significant track record, Mr. Cooper believes that online insurance verification is the most efficient method to accomplish this. Among the primary advantages, he cites lower information technology costs for insurance carriers (and therefore their customers), as well as reductions of "false positives," which occur when individuals whose automobile insurance is actually valid

¹¹ More information on Wyoming's program is available at http://insurance.state.wy.us/insurance_verification_system.html.

¹² Information on Verisol is available at www.verisol.com/.

are incorrectly flagged as having no insurance. Mr. Cooper relates that this occurs with some regularity with traditional ALIR systems and can be very distressing to legitimate policy holders. He contends that the accuracy, timeliness, and consistency of current reporting systems—with the extensive cross-referencing between state and insurance databases that they require—are not as effective as online systems.

COSTS OF ALIR PROGRAMS

According to all our sources, the cost of creating and maintaining ALIR programs is very difficult to calculate. Most jurisdictions and insurance carriers do not record expenses in a manner that allows them to be identified with specific programs. The only available information regarding specific costs of setting up ALIR programs that we identified is from the aforementioned 2010 IICMVA report “Making the Case for Using Web Services to Verify Evidence of Auto Liability Insurance” (Attachment B). The report notes that the state of New York paid a consulting firm \$4.5 million to implement its program in 2000, and Colorado spent around \$7 million to implement and administer its ALIR system from 1997-2004.¹³

The IICMVA report also states that commercial automobile insurers spend about \$30 million annually to develop and maintain reporting programs. The cost to the insurance industry is compounded by the fact that insurers are responsible for the development, implementation, maintenance, and administration of multiple systems for various states.

George Cooper relates that developing the information technology needed to implement various state insurance reporting laws can be costly for insurers and for state agencies, which often employ vendors to set up and maintain their systems. How this cost translates to insurance policy holders is unknown, but additional costs of doing business are generally passed on to the customer.

ENFORCEMENT OF MANDATORY INSURANCE IN ALASKA

Alaska Statute § 28.22.011 specifies that, with certain exceptions, an owner or operator of a motor vehicle must possess liability insurance.¹⁴ According to Shelly Mellott, division operations manager Alaska Division of Motor Vehicles (DMV), only a few limited mechanisms are in place in Alaska to enforce this law.¹⁵ First, if valid proof of insurance is not provided to law enforcement when requested (for example, at a roadside stop or accident site), the officer can write a citation that carries a fine and a six point deduction off the driver's record. Also, if an individual is involved in an accident and does not provide proof of insurance to the DMV, the Department will suspend his or her license. Finally, when applying for a vehicle registration, a driver self-certifies that he or she has insurance; DMV employees, however, have no way to verify such an assertion.

An individual who has had a driver's license suspended or revoked for any reason (except when suspended due to failure to pay child support) must make an SR-22 filing with the DMV in order to *reinstate* the license.¹⁶ An SR-22 document provides proof that the person has the liability insurance

¹³ In Colorado, 16 employees administer the program, and the state pays a vendor to manage its database.

¹⁴ All states but Vermont mandate that the owner or operator of a motor vehicle have liability insurance. We provide AS § 28.22.011 as Attachment D. Other pertinent Alaska statutes relating to drivers and insurance include: AS § 28.10.021(a)(2); AS § 28.15.201(d)(5); AS § 28.15.211(e); AS § 28.20; and AS § 28.22. Relevant regulations are 2 ACC 90.510-520.

¹⁵ Shelly Mellott, division operations manager of the Division of Motor Vehicles, can be reached at (907) 269-5566.

¹⁶ SR-22 is not a type of insurance, but rather proof that an individual has a certain type of insurance (usually liability insurance), based upon the financial responsibility laws of his or her state.

required by state law. According to Ms. Mellott, however, there is nothing preventing an individual from canceling the insurance after obtaining the license. She believes that a mandatory reporting system, of some kind, would likely help to address the issue of uninsured motorists in Alaska.

We hope you find this information to be useful. Please let us know if you have questions or need additional information.

Attachment A

Statutes or program information from Arizona, Colorado, Kentucky, New Mexico,
Oregon, South Carolina, Utah, and Virginia

CArizona Revised Statutes Annotated [Currentness](#)Title 28. Transportation ([Refs & Annos](#))[Chapter 9](#). Vehicle Insurance and Financial Responsibility ([Refs & Annos](#))[Article 4](#). Mandatory Motor Vehicle Insurance ([Refs & Annos](#))**→ § 28-4148. Notice of insurance cancellation or nonrenewal**

A. Effective from and after January 1, 1998 and through July 31, 1998, each insurer who cancels or becomes aware of the cancellation or nonrenewal of or failure to renew or issuance of a motor vehicle liability insurance policy issued on a vehicle in this state shall provide to the department all cancellations, nonrenewals or new issues for any reason after thirty or fewer days have elapsed from the time of processing the cancellation, nonrenewal or new issue of a policy.

B. Effective August 1, 1998, each insurer who cancels or becomes aware of the cancellation or nonrenewal of or failure to renew or issuance of a motor vehicle liability insurance policy issued on a vehicle in this state shall provide to the department all cancellations, nonrenewals or new issues for any reason after seven or fewer days have elapsed from the time of processing the cancellation, nonrenewal or new issue of a policy. Any insurer with less than ten thousand policies in place as of the effective date of this section, shall have until August 1, 1999 to comply with the requirements of this section.

C. The insurer shall provide the information by electronic data interchange in a format pursuant to a schedule specified by and in a manner prescribed by the director.

D. The department shall not require an insurer to specify the vehicle identification number of a vehicle covered under a commercial vehicle policy that provides automatic coverage for additional or newly acquired vehicles until the policy's expiration date.

E. The department shall provide the notice of cancellation or nonrenewal information to all law enforcement agencies on an on-line computerized call in basis from law enforcement vehicles.

F. On cancellation or nonrenewal of a policy, an insurer shall notify the insured that the department has been notified of the cancellation or nonrenewal and that the insured's motor vehicle registration may be suspended.

G. Except as provided in [§ 28-4143, subsection E](#), information provided by an insurer to the department pursuant to this section shall be made available only to law enforcement agencies for law enforcement purposes.

CREDIT(S)

Added by [Laws 1997, Ch. 1, § 237, eff. Oct. 1, 1997](#). Amended by [Laws 1997, Ch. 87, § 27, eff. Jan. 1, 1998](#); [Laws 1997, Ch. 125, § 6, eff. Oct. 1, 1997](#); [Laws 1998, Ch. 288, § 5](#).

HISTORICAL AND STATUTORY NOTES

Source:

A.R.S. former § 28-1262.

Laws 1990, Ch. 371, § 4.

Laws 1991, Ch. 286, § 7.

Laws 1992, Ch. 289, § 1.

Laws 1993, Ch. 42, § 4.

Laws 1993, 2nd S.S., Ch. 3, § 1.

Laws 1993, 5th S.S., Ch. 1, § 16.

Laws 1995, Ch. 155, § 5.

A.R.S. former § 28-4148.

Laws 1995, Ch. 132, § 3.

Laws 1997, Ch. 87, § 31, provides:

“Sec. 31. Conditional enactment

“Because certain sections of this act amend sections of the Arizona Revised Statutes as amended or added by Senate Bill 1009 (title 28 rewrite; conforming legislation), this act is effective from and after December 31, 1997 only if Senate Bill 1009, forty-third legislature, first regular session, relating to transportation, is enacted into law [S.B. 1009 was enacted as Ch. 1].”

Laws 1997, Ch. 225, § 7, provides:

“Sec. 7. Conditional enactment

“Because this act amends sections of the Arizona Revised Statutes as amended by Senate Bill 1009 (title 28 rewrite; conforming legislation), §§ 28-4079 and 28-4148, Arizona Revised Statutes, as amended by this act, are effective from and after September 30, 1997 only if Senate Bill 1009, forty-third legislature, first regular session, relating to transportation, is enacted into law [S.B. 1009 was enacted as Ch. 1].”

Former § 28-4148 (see Source, ante), relating to similar subject matter, was repealed by Laws 1997, Ch 1, § 236, effective October 1, 1997.

Reviser's Notes:

1997 Note. Prior to the 1998 amendments this section contained the amendments made by Laws 1997, Ch. 87, § 27 and Ch. 125, § 6 that were blended together pursuant to authority of § 41-1304.03.

1998 Note. Pursuant to authority of § 41-1304.02, in subsection B, last sentence “section” was substituted for “act”.

CROSS REFERENCES

Distribution of highway user revenues, see [§ 28-6534 et seq.](#)

Failure of insurer to provide information about cancellation or nonrenewal, penalty, see [§ 20-237.](#)

ADMINISTRATIVE CODE REFERENCES

Financial responsibility, department of transportation commercial programs, see [A.A.C. R17-5-501.](#)

Insurance company reporting requirements, see [A.A.C. R17-4-226.](#)

Mandatory insurance and financial responsibility, see [A.A.C. R17-5-801.](#)

Vehicle registration, see [A.A.C. R17-4-307.](#)

LIBRARY REFERENCES

[Insurance1929\(13\).](#)

Westlaw Topic No. [217.](#)

A. R. S. § 28-4148, AZ ST § 28-4148

Current through the First Regular Session and First through Fourth Special Sessions of the Forty-Ninth Legislature (2009)

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END OF DOCUMENT

West's Colorado Revised Statutes Annotated
Title 42. Vehicles and Traffic (Refs & Annos)
Motor Vehicle Financial Responsibility Law
Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-601

§ 42-7-601. Short title

Currentness

- (1) This part 6 shall be known and may be cited as the “Motorist Insurance Identification Database Program Act”.
- (2) Repealed by Laws 2003, Ch. 415, § 11, eff. July 1, 2003.

Credits

Added by Laws 1995, S.B.95-172, § 1, eff. May 23, 1995. Amended by Laws 1997, H.B.97-1209, § 5, eff. July 1, 1997; Laws 2003, Ch. 415, § 11, eff. July 1, 2003.

C. R. S. A. § 42-7-601, CO ST § 42-7-601

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West's Colorado Revised Statutes Annotated
Title 42. Vehicles and Traffic (Refs & Annos)
Motor Vehicle Financial Responsibility Law
Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-602

§ 42-7-602. Uninsured motorist identification database program--creation

Currentness

The general assembly hereby directs the transportation legislation review committee to conduct an examination of the problem of uninsured motorists in this state and to propose legislation which shall alleviate if not eliminate the problem. The general assembly further directs the transportation legislation review committee to examine Colorado's compulsory motor vehicle insurance system. Such examination shall include a review of whether such system should be maintained or repealed and whether there are more effective enforcement mechanisms that might be employed. The committee shall also study the effectiveness of other enforcement mechanisms including, but not limited to, uninsured motorist database programs that have been employed in other compulsory insurance states.

Credits

Added by [Laws 1995, S.B.95-172, § 1, eff. May 23, 1995](#).

C. R. S. A. § 42-7-602, CO ST § 42-7-602

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West's Colorado Revised Statutes Annotated
Title 42. Vehicles and Traffic (Refs & Annos)
Motor Vehicle Financial Responsibility Law
Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-603

§ 42-7-603. Definitions

Currentness

As used in this part 6, unless the context otherwise requires:

- (1) "Database" means the motorist insurance identification database described in [section 42-7-604\(5\)](#).
- (2) "Department" means the department of revenue.
- (3) "Designated agent" means the party with which the department contracts under [section 42-7-604](#).
- (4) Deleted by [Laws 2000, Ch. 342, § 43, eff. June 1, 2000](#).
- (5) "Program" means the motorist insurance identification database program created in [section 42-7-604](#).

Credits

Added by [Laws 1997, H.B.97-1209, § 6, eff. July 1, 1997](#). Amended by [Laws 2000, Ch. 342, § 43, eff. June 1, 2000](#).

C. R. S. A. § 42-7-603, CO ST § 42-7-603

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West's Colorado Revised Statutes Annotated
Title 42. Vehicles and Traffic (Refs & Annos)
Motor Vehicle Financial Responsibility Law
Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-604

§ 42-7-604. Motorist insurance identification database program--creation--administration--selection of designated agent--legislative declaration

Currentness

(1) The general assembly hereby finds, determines, and declares that the purpose of this section is to help reduce the uninsured motorist population in this state and measure the effectiveness of the motorist insurance identification database created herein.

(2) The general assembly further recognizes that the information and data required to be disclosed by insurers in creating and maintaining the motorist insurance identification database is proprietary in nature. Accordingly, the parties handling such information and data shall at all times maintain their confidential and proprietary nature.

(3) The motorist insurance identification database program is hereby created for the purpose of establishing a database to use when verifying compliance with the motor vehicle security requirements in this article and in articles 3 and 4 of this title. The program shall be administered by the department.

(4)(a) The department shall monitor compliance with the financial security requirements of this article and may contract with a designated agent to monitor such compliance with the financial security requirements of this article. If the department contracts with a designated agent, the agent shall be authorized to perform all functions of the department delegated to the agent in the contract.

(b) After a contract has been entered into with a designated agent, the department shall convene a working group for the purpose of facilitating the implementation of the program. The working group shall consist of representatives of the insurance industry, the division of insurance, the department of public safety, and the department.

(5)(a) The department or its designated agent, using its own computer network, shall develop and maintain a computer database with information provided by:

(I) Insurers, pursuant to [section 10-4-615, C.R.S.](#); except that any person who qualifies as self-insured pursuant to [section 10-4-624, C.R.S.](#), shall not be required to provide information to the department; and

(II) The department shall compare the make, year, and vehicle identification number of all registered vehicles to policy information provided by insurers.

(b) The department shall establish guidelines for the development and maintenance of a database so that the database can easily be accessed by state and local law enforcement agencies.

(c) The department shall:

(I) Provide an internet option that allows insurers and their agents, including commercial insurers, to submit insurance information directly to the designated agent. Each insurer shall cooperate with the verification process.

(II) Provide a reasonable and adequate quality control process to ensure the accurate input of data, including the vehicle identification numbers and insurance information;

(III) Deleted by [Laws 2006, Ch. 221, § 7, eff. July 1, 2006](#).

(IV) Provide each county clerk access to the most currently available data from the database of insurance information.

(6) The department shall, at least weekly:

(a) Update the database with information provided by insurers in accordance with [section 10-4-615, C.R.S.](#);

(b) Compare then-current motor vehicle registrations against the database.

(6.5) Repealed by [Laws 2003, Ch. 415, § 13, eff. July 1, 2003](#).

(7) Repealed by [Laws 2003, Ch. 415, § 13, eff. July 1, 2003](#).

(8) The department, in cooperation with the division of insurance, shall promulgate rules and develop procedures for administering and enforcing this part 6. Such rules shall specify the reporting requirements that are necessary and appropriate for commercial lines of insurance and shall be developed with input by insurers and the designated agent.

Credits

Added by [Laws 1997, H.B.97-1209, § 6, eff. July 1, 1997](#). Amended by [Laws 1998, Ch. 219, § 4, eff. July 1, 1999](#); [Laws 2000, Ch. 342, § 44, eff. June 1, 2000](#); [Laws 2002, Ch. 233, § 10, eff. Aug. 7, 2002](#); [Laws 2002, Ch. 269, § 77, eff. June 1, 2002](#); [Laws 2003, Ch. 415, §§ 12, 13 eff. July 1, 2003](#); [Laws 2004, Ch. 237, § 6, eff. Jan. 1, 2005](#); [Laws 2004, Ch. 255, § 37, eff. May 21, 2004](#); [Laws 2006, Ch. 221, § 7, eff. July 1, 2006](#).

C. R. S. A. § 42-7-604, CO ST § 42-7-604

Current through the Second Regular Session and
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West's Colorado Revised Statutes Annotated
Title 42. Vehicles and Traffic (Refs & Annos)
Motor Vehicle Financial Responsibility Law
Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-605

§ 42-7-605. Repealed by Laws 2006, Ch. 221, § 8, eff. July 1, 2006

Currentness

C. R. S. A. § 42-7-605, CO ST § 42-7-605

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Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-606

§ 42-7-606. Disclosure of insurance information--penalty

Currentness

(1) Information provided by insurers and the department for inclusion in the database established pursuant to [section 42-7-604](#) is the property of the insurer or the department, as the case may be, and may not be disclosed except as follows:

(a) The department shall verify a motor vehicle's insurance coverage upon request by any state or local government agency investigating, litigating, or enforcing such motor vehicle's compliance with the financial security requirements.

(b) The department shall disclose whether a motor vehicle has the required insurance coverage upon request by the following individuals and agencies only:

(I) The owner;

(II) The parent or legal guardian of the owner if the owner is an unemancipated minor;

(III) The legal guardian of the owner if the owner is legally incapacitated;

(IV) Any person who has power of attorney from the owner;

(V) Any person who submits a notarized release from the owner that is dated no more than ninety days before the date the request is made;

(VI) Any person suffering loss or injury in a motor vehicle accident, but only as part of an accident report authorized in part 16 of article 4 of this title; or

(VII) The office of the state auditor, for the purpose of conducting any audit authorized by law.

(2) Any person or agency who knowingly discloses information from the database for a purpose or to a person other than those authorized in this section commits a class 1 misdemeanor and shall be punished as provided in [section 18-1.3-501, C.R.S.](#)

(3) The state shall not be liable to any person for gathering, managing, or using information in the database pursuant to this part 6.

(4) The designated agent shall not be liable to any person for performing its duties under this part 6, unless and to the extent said agent commits a willful and wanton act or omission. The designated agent shall be liable to any insurer damaged by the designated agent's negligent failure to protect the confidential and proprietary nature of the information and data disclosed by the insurer to the designated agent.

(5) The designated agent shall provide to this state an errors and omissions insurance policy covering said designated agent in an appropriate amount.

(6) No insurer shall be liable to any person for performing its duties under this part 6, unless and to the extent the insurer commits a willful and wanton act or omission.

Credits

Added by Laws 1997, H.B.97-1209, § 6, eff. July 1, 1997. Amended by Laws 2000, Ch. 342, § 46, eff. June 1, 2000; Laws 2002, Ch. 318, § 379, eff. Oct. 1, 2002; Laws 2006, Ch. 221, § 9, eff. July 1, 2006; Laws 2007, Ch. 53, § 1, eff. Aug. 3, 2007.

C. R. S. A. § 42-7-606, CO ST § 42-7-606

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Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-607

§ 42-7-607. Part 6 not to supersede other provisions

Currentness

This part 6 shall not supersede other actions or penalties that may be taken or imposed for violation of the financial security requirements of this article.

Credits

Added by Laws 1997, H.B.97-1209, § 6, eff. July 1, 1997.

C. R. S. A. § 42-7-607, CO ST § 42-7-607

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Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-608

§ 42-7-608. Repealed by Laws 2003, Ch. 415, § 2, eff. July 1, 2003

Currentness

C. R. S. A. § 42-7-608, CO ST § 42-7-608

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Article 7. Motor Vehicle Financial Responsibility Law (Refs & Annos)
Part 6. Uninsured Motorist Identification Database Program

C.R.S.A. § 42-7-609

§ 42-7-609. Report

Currentness

The department of revenue shall submit a report, in consultation with the division of insurance, regarding the effectiveness of the motorist insurance database, including without limitation the department's recommendations on whether the program should be continued and on whether enforcement mechanisms should be instituted or changed. The report shall be submitted to the house business affairs and labor committee of the general assembly by January 1, 2008.

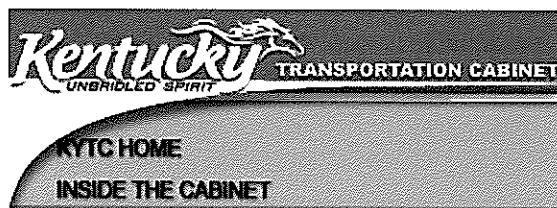
Credits

Added by Laws 1997, H.B.97-1209, § 6, eff. July 1, 1997. Amended by Laws 2001, Ch. 165, § 2, eff. May 22, 2001; Laws 2003, Ch. 415, § 3, eff. July 1, 2003; Laws 2006, Ch. 221, § 6, eff. July 1, 2006.

C. R. S. A. § 42-7-609, CO ST § 42-7-609

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Division of Motor Vehicle Licensing

Mandatory Insurance Reporting Plan

The 2004 session enacted HB 29 that mandated the electronic reporting of personal lines motor vehicle insurance information to the Department of Motor Vehicle Regulations beginning January 1, 2006. HB 29 codified and extended the Department of Motor Vehicle Regulation's voluntary pilot project developed with the assistance of the insurance industry.

In the process of implementing this legislation, the existing reporting requirements for reporting policy terminations of commercial lines motor vehicle insurance to the Department of Motor Vehicle Regulations were also updated for electronic reporting.

This is a joint venture of the Office of Insurance (KOI) and the Department of Motor Vehicle Regulation (DMVR). The regulation is a part of the Insurance Code as it sets forth the responsibilities of insurance companies to report information regarding vehicle insurance to the DMVR which is responsible for "front line" enforcement of Kentucky's mandatory motor vehicle insurance laws.

Section 1 of HB 29 was compiled as KRS 304.39-087 and Section 3 was compiled as KRS 186A.042. Below are links to the statutes and KOI regulation, 806 KAR 39:070, accompanied by the Kentucky Automobile Liability Insurance Reporting Guide with all attachments. The regulation and Guide have been written to pull all vehicle insurance reporting instructions into a single document.



Free download available.

* - PDF format.

[*KRS 186A.042](#)[*KRS 304.39-085](#)[*KRS 304.39-087](#)[Final - Insurance Regulation Change Proposals 806 KAR 39:070](#)[*Final - Kentucky Automobile Liability Insurance Reporting Guide](#)[*Final - Insurance Binder Cancellation Form](#)**Frequently Asked Questions**

Both the KOI and the DMVR invite your questions and comments about the regulation and Guide drafts. Questions and comments should be directed to:

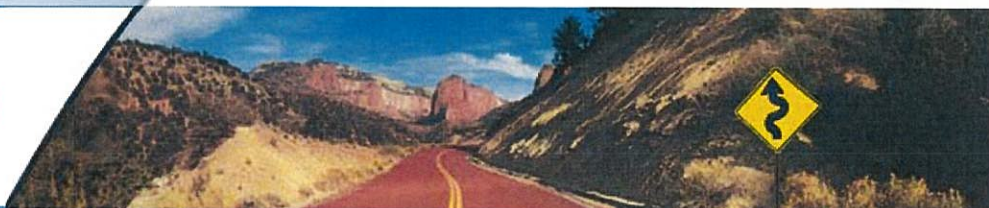
Tonya Davis, Division of Motor Vehicle Licensing
200 Mero Street, W2-09-05
Frankfort KY 40622
(502) 564-5301 Ext. 4071
E-mail: [Tonya Davis](mailto:Tonya.Davis@ky.gov) for more information.

[Kentucky Office of Insurance](#)[Motor Vehicle Licensing Home Page](#)

Page updated 08/17/2009

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Insurance Identification Database

In an effort to reduce the risk to the Citizens of New Mexico from uninsured motor vehicles operating on New Mexico highways, the 2001 New Mexico Legislature passed House Bill 847 to identify uninsured motorists and to assist in the enforcement of automobile liability insurance requirements of the state.

[Pulse aqui para traduccion en Español.](#)

[Click here for Contact Information.](#)

The legislation directs the Department of Taxation and Revenue-Motor Vehicle Division to develop and operate an insurance identification database (IIDB). This database will be used by law enforcement officers, state agencies and courts to determine whether a particular vehicle has appropriate liability insurance coverage. The legislation requires the Motor Vehicle Division to issue an administrative suspension of the offender's vehicle registration if evidence of liability insurance is not provided by the owner's insurance company upon request. Effective October 9, 2002 registration of your vehicle(s) may be denied or delayed if the IIDB records do not show the vehicle(s) having insurance coverage.

The underlying rationale for the program is that if there are fewer uninsured motorists operating on the highways, the number of uninsured accidents will decline. The purpose of the New Mexico Insurance Identification Program is to provide an online tool to law enforcement officials and the Motor Vehicle Division to determine whether reasonable grounds exist to believe that a person is operating a vehicle without the minimum liability insurance required by New Mexico law.

All information provided to the New Mexico Insurance Identification Database (IIDB) is kept STRICTLY CONFIDENTIAL.

[New Mexico Drivers](#) | [Insurance Companies](#) | [Notification Letters](#) | [Insurance Verification](#) | [Q & A](#) | [Home](#)

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West's New Mexico Statutes Annotated

Chapter 66. Motor Vehicles

Article 5. Licensing of Operators and Chauffeurs; Financial Responsibility; Uninsured Motorists' Insurance; Identification Cards (Refs & Annos)

Part 3. Financial Responsibility

N. M. S. A. 1978, § 66-5-205.1

§ 66-5-205.1. Uninsured motorist citation; requirements to be followed at time of accident; subsequent procedures; insurer notification requirements; suspension procedures

Currentness

A. When a law enforcement officer issues a driver who is involved in an accident a citation for failure to comply with the provisions of the Mandatory Financial Responsibility Act, the law enforcement officer shall at the same time:

(1) issue to the driver cited a temporary operation sticker, valid for thirty days after the date the sticker is issued, and forward by mail or delivery to the department a duplicate of the issued sticker; and

(2) remove the license plate from the vehicle and send it with the duplicate of the sticker to the department or, if it cannot be removed, permanently deface the plate.

B. The department shall return or replace, in its discretion, a license plate removed under the provisions of Paragraph (2) of Subsection A of this section or replace a license plate defaced under that paragraph when the person cited for failure to comply with the provisions of the Mandatory Financial Responsibility Act furnishes proof of compliance to the department and pays to the division a reinstatement fee of twenty-five dollars (\$25.00). If a person to whom the temporary operation sticker is issued furnishes to the department, within fifteen days after the issuance of the sticker, evidence of financial responsibility in compliance with the Mandatory Financial Responsibility Act and in effect on the date and at the time of the issuance of the sticker, the department shall replace or return the license plate and waive the twenty-five dollar (\$25.00) reinstatement fee.

C. The secretary shall adopt and promulgate rules prescribing the form and use of the sticker required to be issued under Subsection A of this section.

D. The secretary shall adopt and promulgate rules requiring insurance carriers to report canceled, terminated and newly issued motor vehicle insurance policies each month to the department. Information pertaining to each motor vehicle shall be made a part of that vehicle file for one year.

E. Within ten days of notification by the insurance carrier of a termination or cancellation of a motor vehicle insurance policy, the department shall demand satisfactory evidence from the owner of the motor vehicle that he meets the requirements of the Mandatory Financial Responsibility Act. Failure to provide evidence of financial responsibility within twenty days after the department has mailed its demand for proof:

(1) constitutes reasonable grounds to believe that a person is operating a motor vehicle in violation of the provisions of

Section 66-5-205 NMSA 1978; and

(2) requires the department to suspend the person's registration as provided in Section 66-5-236 NMSA 1978.

F. The department shall notify the superintendent of insurance if an insurance carrier fails to provide monthly reports to the department regarding motor vehicle insurance policy information as required by Subsection D of this section.

Credits

L. 1989, Ch. 214, § 1; L. 1998, Ch. 34, § 6, eff. July 1, 1998; L. 1999, Ch. 145, § 1; L. 2001, Ch. 229, § 1, eff. July 1, 2001.

NMSA 1978, § 66-5-205.1, NM ST § 66-5-205.1

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Insurance Requirements

Overview

This page provides information about insurance requirements for Oregon drivers.

Use the links below to go directly to any section:

- [Minimum Insurance Requirements](#)
- [Driving Without Insurance](#)
- [How DMV Monitors Compliance](#)
- [Verify Your Insurance Card](#)
- [Related Information](#)



Minimum Insurance Requirements

Oregon's mandatory insurance law [ORS 806.010](#) requires every driver to insure their vehicle. The minimum liability insurance a driver must have is:

Type	Amount
Bodily injury and property damage liability	\$25,000 per person; \$50,000 per crash for bodily injury to others; and \$20,000 per crash for damage to the property of others

State law also requires every motor vehicle liability policy to provide:

Type	Amount
Personal Injury Protection (for reasonable and necessary medical, dental and other expenses one year after a crash)	\$15,000 per person
Uninsured Motorist Coverage	\$25,000 per person; \$50,000 per crash for bodily injury

You must certify that you have this insurance each time you register a motor vehicle, or when you buy a light vehicle trip permit. You must also certify that you will comply with Oregon's motor vehicle insurance requirements as long as a vehicle is registered in your name, or for the duration of the permit.

Some motor vehicles are exempt from financial responsibility requirements. Those exemptions can be found in [ORS 806.020](#).

Driving Without Insurance

Driving without liability insurance could result in fines, suspension of your driving privileges, and your vehicle could be towed. If your vehicle is towed, you are subject to the towing and storage fees. This is in addition to any fines you may have to pay.

If a judge convicts you of driving uninsured, you will need to file [proof of future responsibility \(SR-22\)](#) with DMV for three years, or your driving privileges will be suspended. This is in addition to any fines you must pay the court.

If you are driving uninsured and are involved in a crash, your driving privileges will be suspended for one year. After the suspension ends, you can reinstate your driving privilege by filing [proof of future responsibility \(SR-22\)](#) with DMV for three years. Otherwise you will remain suspended.

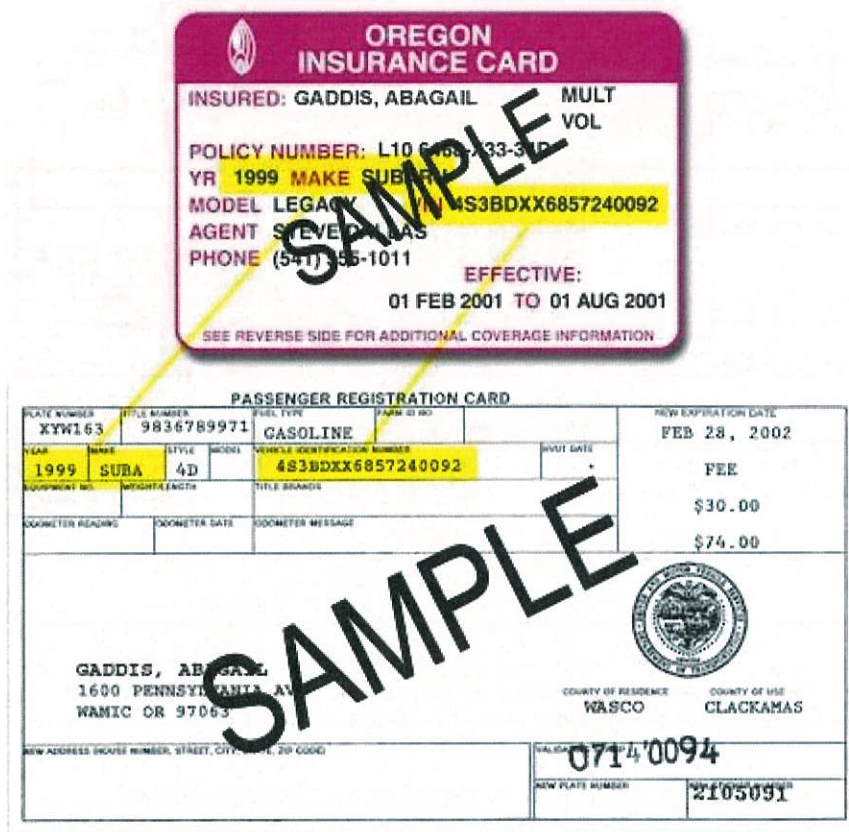
How DMV Monitors Compliance

Each month, DMV randomly selects vehicles and asks the owner(s) to provide the name of their insurance company and policy number. DMV then verifies the reported coverage with the insurance company listed. If you are asked to give this information and you do not respond, your driving privileges will be suspended.

If you do not have the insurance you claim in this random sample survey, you will be subject to [proving your compliance with Oregon's financial responsibility law for three years](#). Your driving privileges will be suspended if you do not get the minimum coverage required by law and show [proof of future responsibility \(SR-22\)](#) with DMV.

Verify Your Insurance Card

It's a good idea to make sure that the information on your insurance card matches the information on your vehicle registration. The image below shows the key elements that need to be verified (the vehicle identification number (VIN), make and year). Contact your insurance company if there is a discrepancy.



The image displays two sample documents from the Oregon Department of Transportation (ODOT) with a large 'SAMPLE' watermark. The top document is an 'OREGON INSURANCE CARD' for GADDIS, ABAGAIL, MULT VOL. It lists a policy number L10 6857240092, a 1999 SUBA model, and an effective date from 01 FEB 2001 to 01 AUG 2001. The bottom document is a 'PASSENGER REGISTRATION CARD' for the same vehicle. It shows a plate number XYW163, a 1999 SUBA 4D model, and a VIN of 483BDXX6857240092. The card also lists fees of \$30.00 and \$74.00, and the address 1600 PENNSYLVANIA AV, WAMIC OR 97063. The registration is valid until FEB 28, 2002.

PASSENGER REGISTRATION CARD									
PLATE NUMBER XYW163	TITLE NUMBER 9836789971	FUEL TYPE GASOLINE	PAID TO REG	NEW EXPIRATION DATE FEB 28, 2002					
YEAR 1999	MAKE SUBA	MODEL 4D	VEHICLE IDENTIFICATION NUMBER 483BDXX6857240092	SALES TAX	FEE				
EQUIPMENT NO.	WEIGHT/LENGTH	TITLE BRANDS			\$30.00				
ODOMETER READING	ODOMETER DATE	ODOMETER MESSAGE			\$74.00				
GADDIS, ABAGAIL 1600 PENNSYLVANIA AV WAMIC OR 97063			COUNTY OF RESIDENCE WASCO						
NEW ADDRESS (HOUSE NUMBER, STREET, CITY, STATE, ZIP CODE)			COUNTY OF USE CLACKAMAS						
VALIDATION NUMBER 07140094			NEW PLATE NUMBER 2105091						

Related Links

Additional information that may be relevant includes:

- [Consumer Guide to Auto Insurance](#) (English version)
- [Consumer Guide to Auto Insurance](#) (Spanish version)
- [How Do I...?](#)
- [Oregon Insurance Division](#)
- [Providing Proof of Insurance](#)
- [SR-22 Information](#) (Providing Future Responsibility)

1 Introduction to the Oregon ALIR System

1.1 Reporting Instruction Manual Purpose

The purpose of this Manual is to provide insurance companies with the necessary information to comply with the Oregon 1993 Legislative Session, Senate Bill 955, now referred to as Oregon's Automobile Liability Insurance Reporting Program (ALIR) throughout this document and all other documents produced. The Manual is a mix of business and technical information.

1.2 Program Goal

The goal of the ALIR system is to reduce the number of uninsured motor vehicles operating on Oregon highways. There is an underlying assumption that with the reduction of uninsured drivers, the number of uninsured accidents will decline.

1.3 Program Purpose

The purpose of the ALIR Program is to provide an on-line tool to law enforcement officials to determine whether reasonable grounds exist to believe that a person is operating a vehicle without the Oregon minimum liability insurance required. Currently, the ALIR system has no effect on any of DMV's financial responsibility programs.

1.4 Background Summary

The 1993 Oregon Legislature passed Senate Bill 955, electronic transfer of insurance information by insurers. The bill requires motor vehicle insurers to notify DMV within 15 days of issuing a new policy and within 30 days of policy cancellations. The bill requires DMV to maintain motor vehicle insurance records for law enforcement to access. Insurance data will help law enforcement officials determine whether there are reasonable grounds to believe that a person is operating a vehicle without motor vehicle insurance required by statute. The insurance data base will not replace any of DMV's current financial responsibility programs nor will DMV suspend drivers based on information submitted by the insurance industry.

Any vehicle required by Oregon law to be insured is required to be reported. ORS [806.020](#) lists which vehicles are required to carry insurance, and which vehicles are excluded from insurance requirements. If DMV should receive insurance information on any vehicles not required to carry insurance, it will be processed as usual and matched accordingly.

DMV established an advisory and technical group composed of members from state, county, and local law enforcement agencies; a representative from the Public Utility Commission; a representative of Law Enforcement Data System; representatives from large and small insurance companies; and a representative from the Department of Consumer and Business Services, Insurance Division. These groups advised DMV on issues relating to the implementation of ALIR, such as the Administrative Rules and the required data elements. The groups also educated DMV on how the insurance business operated and the needs of the users. DMV is implementing this project in three phases.

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1.5 Phase 1

DMV implemented Phase 1 on March 1, 1996. Insurance companies writing \$20 million or more in business, in the state of Oregon, began electronically reporting. These companies do approximately 60 percent of the insurance business in Oregon.

The scope of Phase 1 was to make the electronic connection between the identified insurers and DMV. DMV developed the insurance data base to validate data, return errors and electronically store the insurance information received.

The insurance system developed in Phase 1 did not include on-line access to law enforcement. However, the data is accessible by DMV using existing data access methods in order to provide insurance information to those authorized by statute to have the information.

1.6 Phase 2

DMV implemented Phase 2 on March 1, 1997. In this phase, insurance companies writing less than \$20 million in business, in the state of Oregon, began reporting. For this phase, DMV implemented reporting methods other than Electronic Data Interchange (EDI).

1.7 Phase 3

DMV is currently implementing this phase. Within this phase, DMV will match and link insurance records to vehicle records. Once this phase is fully implemented, law enforcement will have on-line access to insurance data via the Law Enforcement Data System (LEDS).

At the request of the insurance industry, the process to match data into the DMV database will require a new load from insurers. This will ensure the integrity of the insurance data DMV matches to the vehicle records.

1.8 Administrative Rules

DMV developed and adopted administrative rules to implement the Oregon ALIR program. The rules were developed with input from the insurance industry and other non-DMV interested parties. Administrative rules clarify the statute's mandatory implementation of the ALIR program. The administrative rules pertaining to the ALIR program are OAR 735-050-0130, General Provisions for Electronic Insurance Reporting, OAR 735-050-0150, Definitions Relating to Electronic Insurance Reporting, OAR 735-050-0150, Electronic Insurance Reporting, and OAR 735-050-0160, Data Elements for Electronic Insurance Reporting. Click [here](#) for the text of the administrative rules.

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SECTION 56-10-230. Notice of termination of insurance.

Prior to the termination of insurance by cancellation or refusal to renew by the insurer notice thereof must be given as required by Sections 38-77-110 and 38-77-120.

SECTION 56-10-240. Requirement that upon loss of insurance, insured obtain new insurance or surrender registration and plates; written notice by insurer; suspension of registration and plates; appeal of suspension; enforcement; penalties.

(A) If, during the period for which it is licensed, a motor vehicle is or becomes an uninsured motor vehicle, then the vehicle owner immediately shall obtain insurance on the vehicle or within five days after the effective date of cancellation or expiration of his liability insurance policy surrender the motor vehicle license plate and registration certificate issued for the motor vehicle.

(B) The Department of Motor Vehicles, in its discretion, may authorize insurers to utilize alternative methods of providing notice of cancellation, refusal to renew, new policies written, and renewals to the department. The department may not reissue a registration certificate and license plate for that vehicle until satisfactory evidence has been filed by the owner or by the insurer who gave the cancellation or refusal to renew notice to the department that the vehicle is insured. Upon receiving information to the effect that a policy is canceled or otherwise terminated on a motor vehicle registered in South Carolina, the department shall suspend the owner's driving privileges, license plate, and registration certificate and shall initiate action as required within fifteen days of the notice of cancellation to pick up the license plate and registration certificate. A person who has had his driving privileges, vehicle license plate, and registration certificate suspended by the department, but who at the time of suspension possesses liability insurance coverage sufficient to meet the financial responsibility requirements as set forth in this chapter, has the right to appeal the suspension immediately to the Director of the Department of Insurance. If the Director of the Department of Insurance determines that the person has sufficient liability insurance coverage, he shall notify the department and the suspension is voided immediately. The department shall give notice by first class mail of the cancellation or suspension of driving and registration privileges to the vehicle owner at his last known address.

(C) If the vehicle owner unlawfully refuses to surrender the suspended items as required in this article, the department through its designated agents or by request to a county or municipal law enforcement agency shall take possession of the suspended license plates and registration certificates and may not reissue the registration until proper proof of liability insurance coverage is provided and until the owner has paid a reinstatement fee of two hundred dollars. A person who voluntarily surrenders his license plates and registration certificates before their suspension shall not be charged a reinstatement fee.

(D) A person wilfully failing to return his motor vehicle license plates and registration certificates as required in this section is guilty of a misdemeanor and, upon conviction, must be punished as follows:

(1) for a first offense fined not less than one hundred dollars nor more than two hundred dollars or imprisoned for thirty days;

(2) for a second offense fined two hundred dollars or imprisoned for thirty days, or both;

(3) for a third and subsequent offense imprisoned for not less than forty- five days nor more than six months.

(E) Only convictions which occurred within ten years including and immediately preceding the date of the last conviction constitute prior convictions within the meaning of this section.

SECTION 56-10-640. Requirement that upon loss of insurance, insured obtain new insurance or surrender registration and plates; written notice by insurer; suspension of driving privileges, license plate and registration; appeal; enforcement; penalties.

(A)(1) The motorist insurance database program shall be administered by the Department of Motor Vehicles. Pursuant to the South Carolina Consolidated Procurement Code, the department may contract with a contractor who may provide a system of transmitting data from insurance companies. The department must solicit and receive at least two bids on the contract before awarding the contract.

(2) The department shall convene a working group chaired by the director of the department or his designee for the purpose of facilitating the implementation of the program, assisting in development of regulations, and coordinating a testing phase, and necessary changes identified in this testing phase, as prescribed by the working group, and to issue recommendations based on periodic review of the database program by the working group. The working group shall consist of five representatives of the insurance industry appointed by the Director of the Department of Insurance. The working group shall also consist of the Director of the Department of Insurance, or his designee, the Director of the Department of Motor Vehicles, or his designee, and any contractor. The working group shall issue a report to the Department of Motor Vehicles and the Department of Insurance twelve months after the program is implemented to evaluate the program's effectiveness in identifying uninsured motorists, and annually thereafter on or before October fifteenth of each year. The working group may issue recommendations for database enhancements.

(B) The Department of Motor Vehicles shall develop, in a manner prescribed by the department, a system to allow the transmission of data from insurance companies to the department.

(C) The department, with input from the Department of Insurance, and the working group shall promulgate regulations for administering and enforcing this article. The regulations shall specify the requirements that are necessary and appropriate for commercial lines of insurance, as defined in Title 38, which shall be developed with input by the Department of Insurance.

(D) The department for a fee prescribed and promulgated by regulation shall make available to insurers by subscription a monthly electronic list of newly-licensed drivers. This list must not be used for marketing, solicitation, or another purpose not specifically enumerated here. It may only be used to provide an additional method to reduce the uninsured motorist population. This monthly list of newly-

licensed drivers must show the: name and gender of the driver, address, date of birth, South Carolina driver's license number, and, if available, insurance information provided in the liability certification portion of the application for a driver's license. This information may be used for:

- (1) determining if a newly-licensed driver is insured;
- (2) assigning a newly-licensed driver to the proper automobile insurance policy for rating purposes; and
- (3) ordering a motor vehicle report on a newly-licensed driver.

SECTION 56-10-650. Suspension of owner's driving privileges and license plates of uninsured motor vehicle; notification of owner; proof of insurance.

(A) If the database indicates that a motor vehicle is not insured or if the Department of Motor Vehicles receives notification as prescribed by regulation that a vehicle may not be insured, the department shall notify the owner of the motor vehicle that he has twenty working days to provide the department with one of the following, or the owner's driving privileges and the vehicle license plates will be suspended:

- (1) proof of complying coverage in accordance with Sections 56-10-10 or 56-10-220, or of self-insurance in accordance with Section 56-9-60; or
- (2) proof of exemption from the financial security requirements.

(B) Verification in a manner prescribed by regulation from an insurer or agent verifying that the person had the required motor vehicle insurance coverage on the date specified is considered proof of financial responsibility for purposes of this section.

SECTION 56-10-660. Database information disclosure; fee.

(A) The division, for a fee as prescribed and promulgated by regulation, shall disclose an individual's reported database information upon request by the following individuals and agencies only:

- (1) the individual;
- (2) the parent or legal guardian of an individual who is an unemancipated minor;
- (3) the legal guardian of an individual who is legally incapacitated;
- (4) a person who has power of attorney from the individual;
- (5) a person who submits a notarized release from the individual that is dated no more than ninety days before the date the request is made;
- (6) a person suffering loss or injury or against whom a claim is made for loss or injury in a motor vehicle accident in which the individual is involved, but only as part of an accident report authorized in Section 56-9-351;

(7) a state or local government agency investigating, litigating, or enforcing the person's compliance with the financial security requirements; or

(8) persons regulated under Title 38 of the 1976 Code for the purposes of paying or adjudicating claims and preventing fraud or abuse.

(B) The funds collected from this fee described by subsection (A) must be placed by the Comptroller General into a special restricted account to be used by the Department of Motor Vehicles to defray its expenses.

(C) The State is not liable to any person for gathering, managing, or using information in the database pursuant to this article.

(D) No insurer is liable to any person for performing its duties under this article unless, and to the extent, the insurer commits a wilful and wanton act or omission.

(E) Insurers shall be required to pay only those actual costs attributed to the transmission to or retrieval of their records from the Department of Motor Vehicles, pursuant to regulations promulgated by the Department of Insurance. The funds collected from the insurers pursuant to this subsection must be placed by the Comptroller General into a special restricted account to be used by the Department of Motor Vehicles to defray its expenses.

Title/Chapter/Section: [Search Code by Key Word](#)[<< Previous Section \(31A-22-314\)](#)[Next Section \(31A-22-316\) >>](#)[Utah
Code](#)[Title
31A](#)

Insurance Code

[Chapter
22](#)

Contracts in Specific Lines

[Section
315](#)

Motor vehicle insurance reporting -- Penalty.

31A-22-315. Motor vehicle insurance reporting -- Penalty.

(1) (a) As used in this section, "commercial motor vehicle insurance coverage" means an insurance policy that:

- (i) includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage; and
- (ii) is defined by the department.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department shall make rules defining commercial motor vehicle insurance coverage.

(2) (a) Except as provided in Subsections (2)(b) and (c), each insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage under this part shall before the seventh and twenty-first day of each calendar month provide to the Department of Public Safety's designated agent selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification Database Program, a record of each motor vehicle insurance policy in effect for vehicles registered or garaged in Utah as of the previous submission that was issued by the insurer.

(b) Each insurer that issues commercial motor vehicle insurance coverage shall before the seventh day of each calendar month provide to the Department of Public Safety's designated agent selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification Database Program, a record of each commercial motor vehicle insurance policy in effect for vehicles registered or garaged in Utah as of the previous month that was issued by the insurer.

(c) An insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage under this part is not required to provide a record of a motor vehicle insurance policy in effect for a vehicle to the Department of Public Safety's designated agent under Subsection (2)(a) or (b) if the policy covers a vehicle that is registered under Section [41-1a-221](#), [41-1a-222](#), or [41-1a-301](#).

(d) This Subsection (2) does not preclude more frequent reporting.

(3) (a) A record provided by an insurer under Subsection (2)(a) shall include:

- (i) the name, date of birth, and driver license number, if the insured provides a driver license number to the insurer, of each insured owner or operator, and the address of the named insured;
- (ii) the make, year, and vehicle identification number of each insured vehicle; and
- (iii) the policy number, effective date, and expiration date of each policy.

(b) A record provided by an insurer under Subsection (2)(b) shall include:

- (i) the named insured;
- (ii) the policy number, effective date, and expiration date of each policy; and
- (iii) the following information, if available:
 - (A) the name, date of birth, and driver license number of each insured owner or operator, and the address of the named insured; and
 - (B) the make, year, and vehicle identification number of each insured vehicle.

(4) Each insurer shall provide this information by an electronic means or by another form the Department of Public Safety's designated agent agrees to accept.

(5) (a) The commissioner may, following procedures set forth in Title 63G, Chapter 4, Administrative Procedures Act, assess a fine against an insurer of up to \$250 for each day the insurer fails to comply with this section.

(b) If an insurer shows that the failure to comply with this section was inadvertent,

accidental, or the result of excusable neglect, the commissioner shall excuse the fine.

Amended by Chapter 382, 2008 General Session

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[Next Section \(31A-22-316\) >>](#)

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Automobile Liability Insurance Company Reporting Requirements

Insurance companies licensed to do business in Virginia are required to provide to the Department of Motor Vehicles (DMV) monthly electronic updates of insured's information and vehicle descriptions when new policies are written, or when vehicles are added to or deleted from existing policies for motor vehicles registered in Virginia.

Companies with more than 1,000 policies are required to file electronically using Electronic Data Interchange (EDI). Companies with less than 1,000 policies may report liability insurance information either manually (Insurance Coverage Report, [FR-1](#)) or electronically. Please refer to [Reporting Guide for Insurance Companies](#) for more information.

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Attachment B

"Making the Case for Using Web Services to Verify Evidence of Auto Liability Insurance," Insurance Industry Committee on Motor Vehicle Administration, 2010

WHITE PAPER

Making the Case for Using Web Services to Verify Evidence of Auto Liability Insurance

August 2010



**Insurance Industry Committee on
Motor Vehicle Administration**



Executive Summary

Mandatory liability insurance laws currently exist in 49 of the 50 states. Auto Liability Insurance Reporting (ALIR) programs, often referred to as State Reporting systems, are designed to enforce compulsory insurance laws in 32 states at the time of this publication. Additional states are considering implementing similar programs.

From an insurance company perspective, evidence suggests that state reporting programs have not effectively met their main objective: to identify and track uninsured motorists. These programs are costly, difficult to implement, hard to maintain, and a burden for insured drivers.

Recent and ongoing advances in technology, such as Web services and Internet-based transaction processing provide insurance carriers with an opportunity to provide online auto insurance verification to state jurisdictions.

These technological developments offer many benefits and reduce detriments to all stakeholders concerned with enforcing mandatory liability insurance laws. The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) believes that Web service technology is a solution to address the need by state agencies to verify evidence of auto liability insurance.

Purpose

The purpose of this paper is to propose a system to provide documentation of insured status through a partnership of the states, the public, and insurers. This system is intended to be uniform, cost effective for the states, cost effective for insurers, and beneficial for the public interest.

Foreword

About the IICMVA

IICMVA was formally organized in January 1968. Prior to this time, industry ad hoc committees were assembled as needed by each state to assist with the implementation of compulsory insurance and financial responsibility laws.

Ad hoc committees, which operated at the individual state level, were restrictive and inconsistent in function and composition. IICMVA was formed to provide consistent, industry-wide exchange between the insurance industry and all state jurisdictions.

IICMVA's basic organization is built around insurers and insurance trade associations. [The American Insurance Association \(AIA\)](#), [National Association of Mutual Insurance Companies \(NAMIC\)](#) and [Property Casualty Insurers Association of America \(PCI\)](#) comprise the three major trades. Non-affiliated insurers round out the IICMVA roster.

IICMVA is not a lobbying organization. Instead, the Committee serves as a liaison between the insurance industry and state motor vehicle departments in the following subject areas: drivers licensing, vehicle titling/registration, motor vehicle records, compulsory insurance laws, and financial responsibility programs. IICMVA also maintains a close working relationship with the American Association of Motor Vehicle Administrators (AAMVA).

Business Direction and Vision

Business Direction

Technology has evolved significantly since the late 1950s when states began enforcing their compulsory automobile liability insurance laws. Paper verifications were followed by tape-based cancellation reporting systems. Eventually electronic reporting came into use.

Today, however, we are in an age of Internet-based, shared services. Businesses will increase their use of Web services defined by *The Wall Street Journal* as "software that many computer experts believe will usher in a new era of secure but simple interconnections among computer systems at different companies."¹

IICMVA views the use of this new technology as the best way to resolve what has become a controversial public policy issue: enforcement of mandatory or compulsory insurance laws.

Enforcement of mandatory or compulsory insurance laws should be limited to event-based situations. Examples of these events could be, but are not limited to: vehicle registrations, traffic stops and accidents. If a jurisdiction

desires additional pre-emptive enforcement, that enforcement should be by random sample verification of insurance by the appropriate government department.

Secured Web applications make event-based verification of auto liability insurance both possible and desirable. Accessing data to conduct business is nothing new to consumers who regularly bank, shop, or bid over the Internet. It is also nothing new to jurisdictions which disseminate information, collect citizen input, and conduct the business of state government over the Internet. Giving jurisdictions the capability of verifying insurance in a secured Web environment is an extension of this concept.

On September 17, 2003, IBM and Microsoft announced that they had come to an agreement on software standards for Web services; therefore, the possibility of integrating systems among different trading partners could soon be a reality in the realm of insurance verification.²

IICMVA believes the industry must respond.

Vision

The Committee strongly supports an event-based, online inquiry approach to insurance verification.

IICMVA's vision includes simple online applications that can support single policy inquiries. This vision includes the utilization of true Web services that can support the interconnection of systems between authorized trading partners, namely insurance carriers and state agencies.

An online inquiry approach to insurance verification provides many benefits:

- Jurisdictions can obtain the documented online status of insurance information at any point in time within certain business constraints.
- Jurisdictions can incorporate online verification systems into their license plate renewal programs.
- There is no need to exchange massive amounts of data that is rarely, if ever, referenced, let alone 100% accurate and/or timely.
- The confidentiality of insurance information is protected within the confines of each insurance carrier's IT environment.
- The matching limitations and data integrity issues of current state reporting programs is minimized or reduced.
- Customer service is improved because primary search criteria would be based on the business rules within each company.
- Commercial insurance carriers are in a better position to comply with state mandates.
- Carriers realize the cost effective use of resources since an inquiry system can be built one time for all states, leaving room for simple upgrades as future needs arise.
- Privacy is protected: Only designated, legally authorized entities have access. The information to be provided is very limited and state of the art technological safeguards, such as the latest methods of encryption, are included.

IICMVA must clarify that its vision does not include any of the following approaches:

- National database reporting systems
- Data clearing houses
- Invasive data extraction programs or gleaner programs from third parties
- Radio Frequency Identification (RFID) technologies

This vision is IICMVA's attempt to work with state agencies to resolve a public policy issue: enforcement of mandatory insurance laws.

Background

Beginning in the mid-1920s, states have made an increasing number of attempts to accomplish several worthwhile, socially valuable goals. Among these is the recognition that citizens who exercise their privilege to own and operate a motor vehicle on the public roadways must be held accountable for injuries or damages such ownership and operation may cause.

In this context, the term "held accountable" means being financially responsible. Financial responsibility is the principal argument that supports compulsory insurance legislation in 47 of the 50 states today.

The primary goal of this legislation is to have no uninsured motorists or uninsured vehicles within the jurisdiction.

A subsequent objective is to identify those motorists and/or vehicles that do not carry mandatory auto liability insurance when operating within a state's jurisdiction.

There are two sources of information that can be used to confirm auto liability insurance:

1. The Individual Driver

Several states make use of this primary source of information and enable citizens to "self-certify" that they have auto liability insurance. This approach requires drivers to sign an affidavit stating they will always carry insurance on the vehicles they register and/or operate on the public roadways.

2. The Insurance Industry

As of this writing, 32 states use insurance industry information and require the insurance industry to report information about their insureds in one of the following ways:

- **Book of Business Data Transfers**

Usually done on a monthly basis, each carrier authorized to write insurance in the state submits its entire active book of policy information. This is the "policy in force" method whereby states are able to perform month-by-month comparisons to identify those individuals and/or vehicles that were insured at one time but are no longer insured.

In 2001 one state combined a random sampling process with a monthly reporting flow. Normally the industry approves of random sampling programs, but the reporting aspect of this approach has created customer service concerns due to data mismatches.

- **Cancellation Reporting**

Other states require carriers to report policies that have cancelled, lapsed, or non-renewed. This is the "no insurance now" method and the states that use it proactively follow-up with individual vehicle owners who have been identified as potentially uninsured motorists through this process.

- **Comprehensive Database Approach**

Many state reporting programs use the "comprehensive database" approach which requires insurance carriers to provide extensive information about their entire books of business. Comprehensive programs require each insurer to submit an "initial load" data file followed by regular daily, weekly, or monthly updates. The premise behind this model is that states can compare insurance data to their own vehicle registration data to identify uninsured motorists. This approach assumes that it is theoretically possible for a state to know about every instance of insurance within the jurisdiction at every point in time, both now and in the future.

Statement of Problem

There will always be citizens who ignore or actively seek to avoid the laws on compulsory insurance. This is the fundamental non-compliance problem.

The states' attempts to eliminate or reduce uninsured motorists via state reporting programs raise the following additional concerns:

1. Data Problems Cause Insureds to be Mistakenly Identified as Uninsured

The effectiveness of all computer systems depends on the accuracy of the data they contain. Output depends on input. Automobile liability insurance reporting (ALIR) systems are no exception to this rule.

The effectiveness of traditional ALIR systems depends on their ability to match vehicle/VIN, driver, or registered owner information from a state's database with the same data stored on an insurance carrier's database. The following data integrity issues adversely affect this process:

- **Accuracy**

Simply put, it is impossible for either a jurisdiction or an insurance company to collect and maintain VINs that are 100% accurate and complete. At any point in time, some data maintained by either party may be incorrect or outdated.

Typographical errors caused by keystroke mistakes or customer miscommunication are common during the collection of data by state jurisdictions or insurance carriers.

In many cases, a lack of ongoing communication from the customer causes the data to become obsolete and incorrect. Customers do not consistently notify all necessary parties when vehicles are bought, sold, or otherwise acquired and disposed.

State jurisdictions and insurance carriers have not been very successful at convincing their mutual customer to provide timely notice when a change of information occurs.

- **Timeliness**

The result of the varying business issues that affect insurance carriers and state agencies contribute to problems associated with the timeliness of data.

The difference between the timeframes that states allow for drivers to acquire insurance and register their vehicles often conflicts with the timeframes that insurance carriers allow for insureds to notify them of newly acquired vehicles. Considerable time can pass before a state is aware of a new registration and seeks to match an insurance record.

Newly acquired vehicles are typically covered contractually by insurers for a certain period of time, even before they are added to a policy. Thus, until a vehicle is specifically added to a policy, an insurance carrier will not have a trigger it can use to transmit insurance policy data to the state regarding that particular vehicle.

Other insurance business issues that complicate issues of timely reporting include the various grace periods allowed under state law for renewal payments and the underwriting binder periods insurers use to underwrite policies.

The result of these issues is the same: insured drivers may appear to be uninsured.

- **Consistency**

Often customers provide accurate, but different, information to a jurisdiction and insurance carrier. A customer's name is the most common situation. For example, a driver may have registered his name with the state as "James Robert Smith," but applied for an insurance policy under the name of "Bobby Smith." The inconsistency between these values makes them difficult, if not impossible, to match when comparing data from the two databases.

Sometimes states require carriers to report only vehicles registered in those jurisdictions, but carriers typically do not collect data that reflects the vehicle registration state. Mismatches or data errors are common for these programs when insureds move into a state, take out a policy for insurance, but fail to register their vehicles in that state.

2. Reporting Systems Are Costly for Jurisdictions, Insurers, and Consumers

The current reporting systems consume significant state and insurance company resources. Ongoing maintenance and operation of these programs require staff-intensive efforts by jurisdictions and insurers. Ultimately, these costs are borne by consumers.

• Implementation Costs for State Jurisdictions

- The state of New York paid Anderson Consulting **\$4.5 million** to implement its program. The project began in fiscal year 1999-2000.³
- A 1997 audit conducted by the Utah Office of the Legislative Auditor General indicates the state spent **\$1.2 million** to implement and administer its system when the reporting program was initiated in 1995.⁴
- The Colorado Department of Regulatory Agencies (DORA) indicates the Colorado Motorist Insurance Identification Database (MIIDB) has cost the state approximately **\$7.1 million** since 1997. The state employs eight full time equivalent (FTE) employees to manage the MIIDB program: one Office Manager and seven Administrative Assistant IIs. The state also pays a vendor to manage the database.⁵
- The Missouri state reporting program is financed by an MIIDB Fund that collects 6% of the net General Revenue portion of the Insurance Premium Tax. As of June 2003, this Fund was collecting \$3.2 million a year, but the Fund was not enough to cover the **\$3.7 million** needed that year to maintain the system.⁶

NOTE: The implementation costs identified above do not include revenues generated through fines by the state jurisdictions after implementation.

• Costs for Insurers

- In 2000 it is estimated that the New York Insurance Information Enforcement System (IIES) cost four major carriers an average of \$408,000 to develop and implement.⁷ There are approximately 300 insurance carriers in New York.
- Commercial automobile insurers spend \$30 million annually to develop and maintain reporting programs.⁸
- In one state alone, it has been estimated that commercial insurers spend \$50 on database maintenance per insured vehicle.⁹ For example, a commercial fleet policy with 9,000 vehicles for a rental car company costs \$450,000 to maintain the data reporting system each year.
- Negative publicity and customer experiences adversely affect policyholder retention.
- Considerable indirect expenses include legal, training, and public relations costs.

The cost to the industry is compounded by the fact that insurers are responsible for the development, implementation, maintenance, and administration of unique systems for each of the state programs.

• Costs for Consumers

- Consumers may pay higher insurance premiums to offset insurer costs.
- Consumers as citizens pay for jurisdictional expenses via fees, assessments, and taxes.
- Insured drivers are fined inappropriately when mistakenly identified as uninsured.

The cost to consumers is compounded by the fact that law abiding citizens are negatively affected. Consumers frequently spend their time correcting errors that are not within their control. Also, increased regulatory costs reduce competition, giving consumers less choice in the marketplace. Ironically, insured motorists bear all the costs of the very systems that are meant to track the uninsured.

3. Reporting Programs Do Not Conform to the Needs of Commercial Insurers and Their Customers

Vehicle verification systems do not acknowledge the complexities of how auto insurance is written. No single methodology is followed by all companies.

The Commercial Automobile Insurance Industry reports data to departments of motor vehicles (DMV) in 14 states. IICMVA continues to stress that commercially insured vehicles should be exempt from these reporting programs for the following reasons:

- Commercial insureds do not register all vehicles the same way and do not use personal identifiers such as name, address, and VIN. This causes matching errors. The inability to match to DMV registration databases results in undue hardships for these customers.

- Commercial businesses typically own large capital assets and willingly buy high limits of insurance to protect them. Commercial clients are less likely to allow their employees to drive uninsured.
- The complexity of tracking the multi-state operations of many commercial customers makes it impossible to accurately report this unique customer data.

Ex. *ABC Insurance Company* insures *XYZ Corporation* which has operations in all 52 jurisdictions of the United States. *ABC* insures 186,000 vehicles in those jurisdictions covered under a single commercial fleet policy.

XYZ rotates up to 6,000 vehicles on and off the policy since the vehicles rotate in and out of the fleet on a weekly basis. This activity is typical of a fortune 1000 company with multi-state operations, and it makes data reporting an onerous task for commercial insurers.

Absent a full exemption, the use of Web services and online inquiries serves as the best way for commercial carriers to mitigate the problems associated with reporting programs, as well as an advantageous way to comply.

4. No Correlation Exists Between Reporting Programs and the Number of Uninsured Motorists

Despite the lack of objective evidence that state reporting programs are, or can be, effective at identifying uninsured motorists, new state reporting programs continue to become law and continue to be implemented.

As stated in the 2002 AAMVA Financial Responsibility & Insurance Resource Guide:

In general, there is no correlation between compulsory insurance and the number of uninsured motor vehicles on the highway. The same absence of correlation can be said of insurance data reporting programs. Between the 1989 and 1999 IRC studies, of the 18 states with reporting programs in place for 5 years or more, 12 showed an increase in uninsured motorists and 6 experienced improvements. These results suggest there may be other factors involved, such as level of enforcement and consistency of penalties.

There are a number of reasons why compliance can never be 100%. Notwithstanding compulsory insurance laws, vehicle owners will continue to violate the mandate, just as we see with DUI and other traffic laws.¹⁰

From a technological viewpoint, insurance data reporting, particularly via electronic means, works well in moving data between entities. What happens beyond that has achieved mixed results. Matching of data is critical, but may never reach comfortable levels due to data accuracy issues, differences in database elements and formats, and a laundry list of items that generate false negatives on the DMV database...Considerations must weigh the costs, the payback realities, and intrusion on law-abiding citizens.¹¹

Proposal/Diagram

In order to modernize the exchange of information between carriers and jurisdictions, IICMVA believes attention must be focused on why insurance data is being exchanged so that current technology can be leveraged to meet that need.

Ideally, verification of insurance should occur in "real time". Given the various business issues that occur, true "real time" status is not entirely possible. Premium payments in transit, underwriting binder periods, delayed applications, grace periods, and newly acquired but unprocessed vehicles are just a few situations that complicate this vision. An online verification system will permit improved data accuracy because such a system would reflect the documented insurance policy.

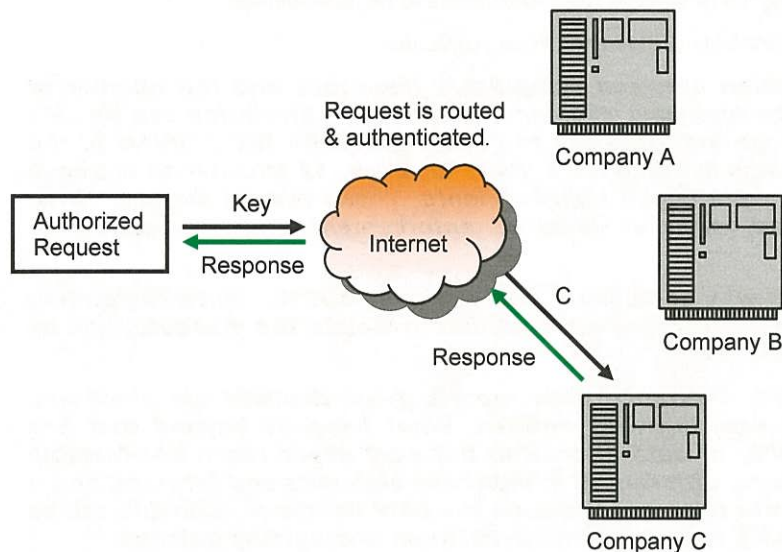
The need to verify insurance and identify uninsured vehicles should be in response to an event- based situation: vehicle registration, traffic stop, or accident.

To this end, IICMVA proposes an automobile insurance verification system based on Web services technology. IICMVA envisions the following elements and steps as necessary:

- Each insurance company is responsible for maintaining the data necessary to verify auto liability insurance provided to their own customers.

- Each insurance company is responsible for maintaining a Web portal or service through which online insurance verification can take place by trading partners.
- Valid verification inquiries are made using key information to route a request to the appropriate carrier for a response.
- The information exchanged is limited to only those items needed to accurately route the request and confirm evidence of auto liability insurance, keeping any privacy concerns to a minimum.
- The methods used to make requests can vary, as long as they are ultimately transmitted in a standard format set by the industry. For example, the key information is entered into an Internet site which appropriately formats a request.
- Confirmation of evidence of auto liability insurance, or lack thereof, is sent back to the requesting entity for appropriate action.

An insurance verification request is made for a person insured by Company C with the key information provided by that company.



Conclusion

IICMVA supports an event-based approach to enforcing mandatory insurance laws. State jurisdictions have a need to verify the existence of auto liability insurance. Utilizing state of the art technology, online verification promises to be a cost effective way to address this need, benefiting the states, insurers, and consumers.

Using Web services to verify auto liability insurance affords insurance companies numerous quantitative and qualitative benefits. Companies are able to transfer the efficiencies gained from one state's program to another. In addition, the industry has the potential for establishing core technical competencies as a result of putting in place Web service-based programs that can be leveraged by other business units within each insurance company.

More importantly, online verification provides a very practical application that the industry can offer states to identify uninsured motorists. Taking a proactive approach to addressing an important public policy issue will also have a positive effect on consumers.

Appendix A:

Comprehensive Database/Cancellation Reporting Systems
Arizona (X12)
Arkansas (proprietary)
California (X12) Used for Online Registration – Voluntary Web Services
Colorado (X12)
Connecticut (proprietary)
District of Columbia (proprietary)
Florida (proprietary)
Georgia (proprietary)
Kentucky (proprietary)
Louisiana (proprietary)
Maryland (X12)
Massachusetts (proprietary)
New Jersey (proprietary)
New Mexico (X12)
New York (X12)
North Carolina (proprietary)
Oklahoma (tape; proprietary)
Oregon (X12)
Pennsylvania (proprietary)
South Carolina (X12) – with voluntary Web Services
Virginia (X12)
Book of Business Data Transfers
Kansas (proprietary) - Used for Online Registration
Michigan (proprietary) - Used for Registration
Missouri (proprietary; enhanced random sampling with book of business reporting)
Nebraska (proprietary)
Texas (proprietary)
Utah (proprietary)
Random Sampling Programs
Alabama (Website)
Illinois (proprietary)
Web Services-Online Verification
Nevada
Oklahoma
Wyoming

Notes

1. William M. Bulkeley, "Microsoft, IBM Set Standards Pact." *The Wall Street Journal*, September 2003, Technology Journal Section, cols. 3-5.
2. Thor Olavsrud, "Microsoft, IBM Set Web Services Standard Pact." *Internetnews.com*, September 18, 2003, Enterprise Section, Jupitermedia Corporation.
3. New York Department of Motor Vehicles in consultation with New York State Insurance Department, "Insurance Information and Enforcement System (IIES)-New Directions in Enforcing Compulsory Insurance Laws," *Report to the Governor and Legislature*, February 1999, pp. 5-7.
4. Utah Office of the Legislative Auditor General, *Audit Report*, 1997.
5. Colorado Department of Regulatory Agencies Office of Policy and Research, "Colorado Motorist Insurance Identification Database Program Act: 2002 Sunset Review," *Report to the Office of Legislative Legal Services*, p. 9.
6. Frank Ruggiero, "Insurance Information Database: Keeping It Simple...But Making It Effective," *Presentation on the Missouri Enhanced Random Sampling Program to the Nebraska Motor Vehicle Insurance Database Task Force*, June 2003, slide 4 (oral comments).
7. Based on estimated NY IIES implementation costs incurred by four separate and distinct carriers, the results of which can be applied to industry numbers. The estimated implementation costs cited do not include the expenses incurred to implement the cryptographic bar-coded insurance ID card required under the NY IIES mandate. It could be assumed that the industry's estimated cost to implement NY IIES was approximately \$122,400,000 (300 carriers X \$408,000).
8. Summary of costs incurred by four large commercial insurers.
9. The \$50.00 cost per insured vehicle was determined by a review of the incurred daily maintenance costs of four large commercial insurers in a comprehensive reporting state.
10. AAMVA Financial Responsibility & Insurance Standing Committee, Arlington, Virginia, "AAMVA Financial Responsibility & Insurance Resource Guide," *AAMVA FRI Standing Committee Project*, 2002, page 14.
11. AAMVA Financial Responsibility & Insurance Standing Committee, Arlington, Virginia, "AAMVA Financial Responsibility & Insurance Resource Guide," *AAMVA FRI Standing Committee Project*, 2002, page 17.

Attachment C

Model legislation from the IICMVA regarding online insurance verification

1 **Vehicle Insurance Verification Act**

2 ***Summary***

3 An Act relating to motor vehicle insurance; providing for the establishment of an online
4 verification system; providing for codification; and providing an effective date.

5 ***Model Legislation***

6 **SECTION 1.**

7 A. The Department of _____ (hereinafter "Department") shall establish an accessible
8 common carrier based system for on-line verification of the evidence of insurance, as specified; requiring motor
9 vehicle insurers to provide policy information for the on-line verification system, as specified; providing an
10 appropriation; and providing for an effective date. Implementation of an on-line financial responsibility
11 verification system, including any exceptions as provided for in this Act or in the user guide developed to
12 support the program, supersedes any existing verification system and shall be the sole system used for the
13 purpose of verifying evidence of mandatory liability insurance as prescribed by the laws of the state.

14 B. The department shall adopt by rule and regulation online verification of evidence of insurance as
15 required by this section, subject to the following:

16 1. The verification system shall send requests to insurers for verification of evidence of insurance via
17 Web services established by the insurers, through the Internet, World Wide Web or a similar proprietary or
18 common carrier electronic system, in compliance with the specifications and standards of the Insurance
19 Industry Committee on Motor Vehicle Administration (IICMVA), with enhancements, additions, and modification
20 as required by the department but which do not conflict, nullify, or add requirements that are inconsistent with
21 the specifications and standards of the IICMVA. The system shall include appropriate provisions to secure its
22 data against unauthorized access and the Department shall maintain a historical record of the system data for a
23 period of six to twelve months from the date of all requests and responses.

24 The system shall be used for verification of the evidence of mandatory liability insurance coverage as
25 prescribed by the laws of the state and shall be accessible to authorized personnel of the department, the
26 courts, law enforcement personnel, and any other entities authorized by the state as permitted by state or
27 federal privacy laws, and it shall be interfaced, wherever appropriate, with existing state systems. The system
28 will include information which will enable the Department to make inquiries to insurers of evidence of insurance
29 that is consistent with insurance industry and IICMVA recommendations, specifications and standards by using
30 multiple data elements for greater matching accuracy, specifically: Insurer NAIC (National Association of
31 Insurance Commissioners) company code, Vehicle Identification Number, policy number, or as described in the
32 specifications and standards of the IICMVA.

33 At the discretion of the department, rules and regulations may be established to offer insurers who

1 write fewer policies an alternative method for reporting insurance policy data instead of establishing Web
2 services.

3 2. The department shall be responsible for having it's verification system respond to each of it's
4 requestors within a time period as established by the department. The department system shall be available to
5 accommodate the time period established. An insurer's system shall respond within the time period prescribed
6 by the IICMVA's specifications and standards.

7 3. When the department has reason to believe a motor vehicle has been or is currently being operated
8 without insurance, the owner's vehicle registration may be suspended or revoked. The registration may not be
9 reinstated or a new registration may not be issued unless evidence of insurance has been provided to the
10 department and any applicable reinstatement fees as prescribed by the department have been paid... These
11 fees are in addition to any other applicable fines, penalties, and fees.

12 4. The goal of the system shall be to assist in the identification of uninsured motorists in the most
13 effective way possible. Nothing in this legislation prohibits the department from contracting with a private
14 service provider or providers who have successfully implemented similar systems in other states to assist in
15 establishing and maintaining this verification system.

16 5. The department shall consult with representatives of the insurance industry and private service
17 providers that results in determining the objectives, details, and deadlines related to the system.

18 6. The department will publish for comment and then issue, a detailed guide of its on-line verification
19 system.

20 7. The department and its private service provider, if any, each will maintain a contact person for
21 insurers during the establishment, implementation, and operation of the system.

22 8. If the department has reason to believe a vehicle owner does not have valid vehicle insurance as
23 required under [], it may also request an insurer to verify the existence of an automobile liability policy in a
24 form approved by the department not later than _____ () days from the date the request is made. In
25 addition, insurers shall cooperate with the department in establishing and maintaining the verification system
26 provided by this section, and shall provide access to motor vehicle insurance policy status information as
27 provided in the rules and regulations established by the department.

28 9. Every property and casualty insurance company that is licensed to issue motor vehicle insurance
29 policies or is authorized to do business in [insert state] shall comply with this section for verification of evidence
30 of vehicle insurance for every vehicle insured by that company in [insert state] as required by the rules and
31 regulations of the Department.

32 10. Insurers shall maintain a historical record of the system data for a maximum period of six months
33 from the date of all requests and responses.

1 11. For the purposes of this section, commercial auto coverage is defined as any coverage provided to
2 an insured, regardless of number of vehicles or entity covered, under a commercial coverage form and rated
3 from a commercial manual approved by the Department of Insurance. This section shall not apply to vehicles
4 insured under commercial auto coverage; however, insurers of such vehicles may participate on a voluntary
5 basis.

6 12. Insurers shall be immune from civil and administrative liability for good faith efforts to comply with
7 the terms of this act.

8 13. Insurers shall provide commercial automobile customers with evidence reflecting that the vehicle is
9 insured under a commercial auto policy. Sufficient evidence would be an Insurance Identification card clearly
10 marked in the title with the identifier: "Commercial Auto Insurance Identification Card".

11 14. Nothing in this section prohibits an insurer from using the services of a third party vendor for
12 facilitating the insurance verification program required by this law.

13 15. The Department will have the authority to impose a fee of \$_____ on each vehicle (new and
14 renewal) registration. All fees collected shall be deposited in a separate account and shall be used solely for the
15 purpose of the implementation, maintenance and enhancement of the on-line insurance verification system.

16

17 **SECTION 2. REPORT ON EFFECTIVENESS**

18 Not more than two years after the establishment of the online insurance verification system, the motor
19 vehicle department, after consultation with insurers, shall report to the legislature as to the costs of the
20 program incurred by the department, insurers and the public and the effectiveness of the program in reducing
21 the number of uninsured motor vehicles.

22

23 **SECTION 3. EFFECTIVE DATE** This act shall become effective on _____, 20___. The
24 verification system shall be installed and fully operational by _____, 20___, following an appropriate
25 testing/pilot period of not less than nine (9) months. Until the successful completion of the testing/pilot period,
26 no enforcement action shall be taken based on the system.

Attachment D

CA Assembly Bill 1708 and Analysis, 2012



California
LEGISLATIVE INFORMATION

AB-1708 Vehicles: electronic verification of financial responsibility and insurance. (2011-2012)

Assembly Bill No. 1708

CHAPTER 236

An act to amend Section 515 of the Insurance Code, and to amend Section 16028 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 07, 2012. Filed Secretary of State
September 07, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1708, Gatto. Vehicles: electronic verification of financial responsibility and insurance.

(1) Existing law requires every driver and every owner of a motor vehicle to be able to establish financial responsibility, and, at all times, carry in the vehicle evidence of a form of financial responsibility, which may be obtained by a law enforcement officer from the electronic reporting system established by the Department of Motor Vehicles. Existing law requires, upon the demand of a peace officer, that evidence of registration and proof of financial responsibility be provided by a person driving a motor vehicle.

Existing law requires a driver who is issued a notice to appear for any alleged violation of the Vehicle Code or the driver of a motor vehicle involved in an accident to furnish written evidence of financial responsibility. Existing law requires an insurer issuing policies of automobile liability insurance or motor vehicle liability insurance, upon the request of its insured or the Department of Motor Vehicles, to promptly issue written verification as to the existence of that coverage.

This bill would authorize an insurer issuing policies of automobile liability insurance or motor vehicle insurance to issue, upon the request of the insured and to the extent available, electronic verification as to the existence of the coverage to a mobile electronic device, as defined, and would allow a person to provide evidence of financial responsibility, under the circumstances described above, through the use of a mobile electronic device.

The bill would require, when a person provides evidence of financial responsibility, using a mobile electronic device, to a peace officer, the peace officer to only view the evidence of financial responsibility and would prohibit him or her from viewing any other content on the mobile electronic device. The bill would also require, whenever a person presents a mobile electronic device pursuant to the above-described provisions, the person to assume all liability for any damage to the mobile electronic device.

By expanding the duties of local public officials and expanding the scope of existing crimes, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 515 of the Insurance Code is amended to read:

515. (a) (1) Notwithstanding any other law, an insurer issuing policies of automobile liability insurance or motor vehicle liability insurance shall, upon request of either the named insured or the Department of Motor Vehicles, promptly issue to that person or the department written verification as to the existence of that coverage.

(2) Upon the request of the insured, an insurer may issue the verification as to the existence of that coverage in an electronic format to a mobile electronic device to the extent available. This section does not require an insurer to provide the verification of coverage in an electronic format in real time.

(b) For purposes of this section, "mobile electronic device" has the same meaning as defined in subdivision (f) of Section 16028 of the Vehicle Code.

SEC. 2. Section 16028 of the Vehicle Code is amended to read:

16028. (a) Upon the demand of a peace officer pursuant to subdivision (b) or upon the demand of a peace officer or traffic collision investigator pursuant to subdivision (c), every person who drives a motor vehicle upon a highway shall provide evidence of financial responsibility for the vehicle that is in effect at the time the demand is made. The evidence of financial responsibility may be provided using a mobile electronic device. However, a peace officer shall not stop a vehicle for the sole purpose of determining whether the vehicle is being driven in violation of this subdivision.

(b) If a notice to appear is issued for any alleged violation of this code, except a violation specified in Chapter 9 (commencing with Section 22500) of Division 11 or any local ordinance adopted pursuant to that chapter, the cited driver shall furnish written evidence of financial responsibility or may provide electronic verification of evidence of financial responsibility using a mobile electronic device upon request of the peace officer issuing the citation. The peace officer shall request and write the driver's evidence of financial responsibility on the notice to appear, except when the peace officer is unable to write the driver's evidence of financial responsibility on the notice to appear due to an emergency that requires his or her presence elsewhere. If the cited driver fails to provide evidence of financial responsibility at the time the notice to appear is issued, the peace officer may issue the driver a notice to appear for violation of subdivision (a). The notice to appear for violation of subdivision (a) shall be written on the same citation form as the original violation.

(c) If a peace officer, or a regularly employed and salaried employee of a city or county who has been trained as a traffic collision investigator, is summoned to the scene of an accident described in Section 16000, the driver of a motor vehicle that is in any manner involved in the accident shall furnish written evidence of financial responsibility or may provide electronic verification of evidence of financial responsibility using a mobile electronic device upon the request of the peace officer or traffic collision investigator. If the driver fails to provide evidence of financial responsibility when requested, the peace officer may issue the driver a notice to appear for violation of this subdivision. A traffic collision investigator may cause a notice to appear to be issued for a violation of this subdivision, upon review of that citation by a peace officer.

(d) (1) If, at the time a notice to appear for a violation of subdivision (a) is issued, the person is driving a motor vehicle owned or leased by the driver's employer, and the vehicle is being driven with the permission of the employer, this section shall apply to the employer rather than the driver. In that case, a notice to appear shall be issued to the employer rather than the driver, and the driver may sign the notice on behalf of the employer.

(2) The driver shall notify the employer of the receipt of the notice issued pursuant to paragraph (1) not later than five days after receipt.

(e) A person issued a notice to appear for a violation of subdivision (a) may personally appear before the clerk of the court, as designated in the notice to appear, and provide written evidence of financial responsibility in a form consistent with Section 16020, showing that the driver was in compliance with that section at the time the notice to appear for violating subdivision (a) was issued. In lieu of the personal appearance, the person may submit by mail to the court written evidence of having had financial responsibility at the time the notice to appear was issued. Upon receipt by the clerk of that written evidence of financial responsibility in a form consistent with Section 16020, further proceedings on the notice to appear for the violation of subdivision (a) shall be dismissed.

(f) For purposes of this section, "mobile electronic device" means a portable computing and communication device that has a display screen with touch input or a miniature keyboard.

(g) For the purposes of this section, when a person provides evidence of financial responsibility using a mobile electronic device to a peace officer, the peace officer shall only view the evidence of financial responsibility and is prohibited from viewing any other content on the mobile electronic device.

(h) Whenever a person presents a mobile electronic device pursuant to this section, that person assumes all liability for any damage to the mobile electronic device.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Attachment E

Alaska Statute 28.22.011



West's Alaska Statutes Annotated [Currentness](#)

Title 28. Motor Vehicles

[Chapter 22](#). Mandatory Motor Vehicle Insurance

[Article 1](#). Insurance Required

→ § 28.22.011. Motor vehicle liability insurance required; exemptions

(a) The operator or owner of a motor vehicle subject to registration under [AS 28.10.011](#) when driven on a highway, vehicular way or area, or on other public property in the state, shall be insured under a motor vehicle liability policy that complies with this chapter or a certificate of self-insurance that complies with [AS 28.20.400](#) unless

(1) the motor vehicle is being driven or moved on a highway, vehicular way, or a public parking place in the state that is not connected by a land highway or vehicular way to

(A) the land-connected state highway system, or

(B) a highway or vehicular way with an average daily traffic volume greater than 499; and

(2) the operator has not been cited within the preceding five years for a traffic law violation with a demerit point value of six or more on the point schedule determined under regulations adopted by the department under [AS 28.15.221](#).

(b) The department shall annually publish a list of areas that meet the requirements of (a)(1) of this section. This list shall be available for public inspection at each office of the department.

(c) In this section, "operator" does not include

(1) an employee who operates, during the course and within the scope of employment, a motor vehicle that is owned or leased by the operator's employer; or

(2) an emergency service volunteer who operates, during the course and within the scope of responding to an emergency, a motor vehicle not owned by the volunteer.

CREDIT(S)

SLA 1989, ch. 108, § 1; [SLA 1993, ch. 63, § 79](#).

LIBRARY REFERENCES

[Automobiles](#)43, 144.1(4).

Westlaw Key Number Searches: 48Ak43; 48Ak144.1(4).

[C.J.S. Motor Vehicles §§ 223](#) to [224](#), [290](#) to [296](#), [316](#) to [327](#), [404](#).

RESEARCH REFERENCES

Forms

[Am. Jur. Pl. & Pr. Forms Automobile Insurance § 1](#), Introductory Comments.

NOTES OF DECISIONS

Amount of coverage [5](#)
Construction with related provisions [1](#)
Interest [7](#)
Mandatory coverage [2](#)
Persons insured [4](#)
Proof of financial responsibility [6](#)
Substantial statutory compliance [3](#)

[1](#). Construction with related provisions

All automobile policies must conform to content requirements of Motor Vehicle Safety Responsibility Act (MVSRA), and if content requirements of Alaska Mandatory Automobile Insurance Act (AMAIA) are broader than those of MVSRA, requirements of mandatory act must be complied with as to persons covered by mandatory act. [AS 28.20.445](#), 28.22.011 et seq. [Progressive Ins. Co. v. Simmons \(1998\) Alaska, 953 P.2d 510. Insurance 2774](#)

Provisions of Motor Vehicle Safety Responsibility Act (MVSRA) imposing mandatory content provisions on all automobile policies are not limited to those drivers subject to mandatory filing provisions of MVSRA, but apply to all automobile policies, and scope of application of MVSRA's coverage provisions is not limited by any lesser coverage provisions in Alaska Mandatory Automobile Insurance Act. [AS 28.20.445](#), 28.22.011 et seq.; [AS 28.22.020\(c\)](#) (1988). [Progressive Ins. Co. v. Simmons \(1998\) Alaska, 953 P.2d 510. Insurance 2774](#)

[2](#). Mandatory coverage

Absolute liability provisions of motor vehicle liability policy statute are mandatory only if a policy is certified as proof of financial responsibility or is required by law due to a person's previously having been in an accident. [AS 28.20.440. Werley v. United Services Auto. Ass'n, 1972, 498 P.2d 112. Insurance 2737](#)

Where no certification of financial responsibility was necessary in action by insured, who was injured while passenger in his own automobile as result of negligence of uninsured motorist and who had already recovered under the uninsured motorist provision of his own automobile liability policy, to recover under identical provisions of two policies which extended coverage to him through driver of his automobile at time of accident, and absolute liability provisions of motor vehicle liability policy statute were mandatory only if a policy was certified as proof of financial responsibility, "other insurance" clause of insured's policy was not repugnant to mandatory minimum coverage provision of uninsured motorist statute. [AS 21.89.020, 28.20.440. Werley v. United Services Auto. Ass'n, 1972, 498 P.2d 112. Insurance 2737; Insurance 2760](#)

Absolute liability provisions of the Safety Responsibility Act are limited by section of the Act providing that such absolute liability provisions are made a part of only those motor vehicle liability policies which are certified or required as proof of financial responsibility for the future. [AS 28.20.440\(a\), \(f\) \(1\). Hart v. National Indem. Co., 1967, 422 P.2d 1015. Insurance 2737](#)

[3](#). Substantial statutory compliance

Uninsured driver did not substantially comply with mandatory insurance laws, and thus, his post-accident conduct in paying for damages and obtaining insurance did not excuse his failure to comply with the mandatory insurance laws, where driver could not show that he had provided the public with same level of protection that would have existed had he complied with mandatory insurance laws, and driver could not demonstrate any justification for his failure to have insurance in place when the accident occurred, and damage from the accident substantially exceeded the \$1,000 maximum permitted by the self-insurance statute. [AS 28.20.010 et seq.](#), 28.22.011 et seq., [28.22.021](#). [State, Dept. of Public Safety, Div. of Motor Vehicles v. Fernandes \(1997\) Alaska, 946 P.2d 1259. Automobiles 144.1\(4\)](#)

4. Persons insured

When applied to single-vehicle accident in which wife was driver and husband was passenger and husband's suit to recover damages from wife's estate, "household exclusion" in automobile policy under which husband and wife were named insureds--liability coverage was not provided for bodily injury to named insured or any family member--violated Alaska statutory requirement that policy protect "the person[s] named" from liability for damage claims arising out of use of insured vehicle. [AS 28.22.010, 28.22.010\(a\), \(a\)\(2\), 28.22.500 \(Repealed\)](#). [State Farm Mut. Auto. Ins. Co. v. Marqua, 1989, 741 F.Supp. 185. Insurance 2747](#)

5. Amount of coverage

Where insurer's underinsured motorist exclusion was held invalid as contrary to statute, insurer's liability to insured was not limited to \$50,000, i.e., statutory minimum liability coverage, but rather, was \$100,000, which was amount of liability insurance purchased by insured. [AS 21.89.020\(c\), 28.22.121\(a\); AS 28.22.010\(a\)\(2\)\(A\) \(Repealed\)](#). [Burton v. State Farm Fire and Cas. Co., 1990, 796 P.2d 1361. Insurance 2796](#)

6. Proof of financial responsibility

Condition in automobile liability policy that when policy is certified as proof of financial responsibility, coverage afforded by the policy shall comply with provisions of the law was limited to instances where the policy was certified as proof of financial responsibility for the future, and such condition did not constitute a contractual agreement that the policy was amended to include absolute liability provision of the Safety Responsibility Act, and did not vitiate restrictive endorsement in the policy excluding coverage while the automobile was operated by any person other than the named insured or members of the immediate family. [AS 28.24.440\(a\), \(f\) \(1\). Hart v. National Indem. Co., 1967, 422 P.2d 1015. Insurance 2660.5; Insurance 2737](#)

7. Interest

Automobile insurer was liable for prejudgment interest which exceeded policy limit; public policies of requiring drivers and insurers to provide minimum coverage required by legislature and ensuring that innocent victims received full prejudgment benefits of statutes pertaining to minimum coverage mandated overriding insurance contract. [AS 28.20.010-28.20.640, 28.22.011-28.22.321. Hughes v. Harrelson, 1993, 844 P.2d 1106. Interest 39\(2.35\)](#)

AS § 28.22.011, AK ST § 28.22.011

Current through the 2009 First Regular Session and First Special Session of the 26th Legislature

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