

**UNINSURED MOTORIST IDENTIFICATION  
DATABASE PROGRAM AMENDMENTS**

2006 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Joseph G. Murray**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies the Insurance Code and the Motor Vehicles Code by amending provisions related to the Uninsured Motorist Identification Database Program.

**Highlighted Provisions:**

This bill:

- ▶ reduces the number of consecutive months that a vehicle must show on the uninsured motorist identification database as being uninsured before the first warning letter is sent to the vehicle owner;
- ▶ requires certain insurers that issue a policy that includes certain motor vehicle coverages to provide a record of coverage before the seventh and twenty-first day of each calendar month rather than once a month to the Department of Public Safety's designated agent;
- ▶ requires the designated agent to update and compare the database with vehicle registrations for certain motor vehicle coverages at least twice a month rather than monthly; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **31A-22-315**, as last amended by Chapter 90, Laws of Utah 2004

32 **41-12a-803**, as last amended by Chapter 32, Laws of Utah 2003

33 **41-12a-804**, as last amended by Chapter 345, Laws of Utah 2000



35 *Be it enacted by the Legislature of the state of Utah:*

36 Section 1. Section **31A-22-315** is amended to read:

37 **31A-22-315. Motor vehicle insurance reporting -- Penalty.**

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

40 (a) includes motor vehicle liability coverage, uninsured motorist coverage,  
41 underinsured motorist coverage, or personal injury coverage;

42 (b) is provided under a commercial motor vehicle, garage, or truck form; and

43 (c) is rated from either a commercial manual or rating rule as filed and approved by the  
44 department.

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

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

59           ~~[(b)]~~ (c) This Subsection ~~[(1)]~~ (2) does not preclude more frequent reporting.

60           ~~[(2)]~~ (3) The record shall include:

61           (a) the name, date of birth, and driver license number of each insured owner or  
62 operator, and the address of the named insured;

63           (b) the make, year, and vehicle identification number of each insured vehicle; and

64           (c) the policy number, effective date, and expiration date of each policy.

65           ~~[(3)]~~ (4) Each insurer shall provide this information on magnetic tape or in another  
66 form the Department of Public Safety's designated agent agrees to accept.

67           ~~[(4)]~~ (5) (a) The commissioner may, following procedures set forth in Title 63, Chapter  
68 46b, Administrative Procedures Act, assess a fine against an insurer of up to \$250 for each day  
69 the insurer fails to comply with this section.

70           (b) If an insurer shows that the failure to comply with this section was inadvertent,  
71 accidental, or the result of excusable neglect, the commissioner shall excuse the fine.

72           Section 2. Section **41-12a-803** is amended to read:

73           **41-12a-803. Program creation -- Administration -- Selection of designated agent**  
74 **-- Duties -- Rulemaking -- Audits.**

75           (1) There is created the Uninsured Motorist Identification Database Program to:

76           (a) establish an Uninsured Motorist Identification Database to verify compliance with  
77 motor vehicle owner's or operator's security requirements under Section 41-12a-301 and other  
78 provisions under this part;

79           (b) assist in reducing the number of uninsured motor vehicles on the highways of the  
80 state;

81           (c) assist in increasing compliance with motor vehicle registration and sales and use tax  
82 laws; and

83           (d) assist in protecting a financial institution's bona fide security interest in a motor  
84 vehicle.

85           (2) The program shall be administered by the department with the assistance of the  
86 designated agent and the Motor Vehicle Division.

87           (3) (a) The department shall contract in accordance with Title 63, Chapter 56, Utah  
88 Procurement Code, with a third party to establish and maintain an Uninsured Motorist  
89 Identification Database for the purposes established under this part.

90 (b) The contract may not obligate the department to pay the third party more monies  
91 than are available in the account.

92 (4) (a) The third party under contract under this section is the department's designated  
93 agent, and shall develop and maintain a computer database from the information provided by:

- 94 (i) insurers under Section 31A-22-315;
- 95 (ii) the division under Subsection (6); and
- 96 (iii) the Motor Vehicle Division under Section 41-1a-120.

97 (b) (i) The database shall be developed and maintained in accordance with guidelines  
98 established by the department so that state and local law enforcement agencies and financial  
99 institutions as defined in Section 7-1-103 can efficiently access the records of the database,  
100 including reports useful for the implementation of the provisions of this part.

101 (ii) (A) The reports shall be in a form and contain information approved by the  
102 department.

103 (B) The reports may be made available through the Internet or through other electronic  
104 medium, if the department determines that sufficient security is provided to ensure compliance  
105 with Section 41-12a-805 regarding limitations on disclosure of information in the database.

106 (5) With information provided by the department and the Motor Vehicle Division, the  
107 designated agent shall, at least monthly for submissions under Subsection 31A-22-315(2)(b) or  
108 at least twice a month for submissions under Subsection 31A-22-315(2)(a):

109 (a) update the database with the motor vehicle insurance information provided by the  
110 insurers in accordance with Section 31A-22-315; and

111 (b) compare all current motor vehicle registrations against the database.

112 (6) The division shall provide the designated agent with the name, date of birth,  
113 address, and driver license number of all persons on the driver license database.

114 (7) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the  
115 department shall make rules and develop procedures in cooperation with the Motor Vehicle  
116 Division to use the database for the purpose of administering and enforcing this part.

117 (8) (a) The designated agent shall archive computer data files at least semi-annually for  
118 auditing purposes.

119 (b) The internal audit unit of the tax commission provided under Section 59-1-206  
120 shall audit the program at least annually. The audit shall include verification of:

- 121 (i) billings made by the designated agent; and  
122 (ii) the accuracy of the designated agent's matching of vehicle registration with  
123 insurance data.

124 Section 3. Section **41-12a-804** is amended to read:

125 **41-12a-804. Notice -- Proof -- Revocation of registration -- False statements --**  
126 **Penalties -- Exemptions -- Sales tax enforcement.**

127 (1) If the comparison under Section 41-12a-803 shows that a motor vehicle is not  
128 insured for [~~three~~] two consecutive months, the Motor Vehicle Division shall direct that the  
129 designated agent provide notice to the owner of the motor vehicle that the owner has 15 days to  
130 provide:

131 (a) proof of owner's or operator's security in a form allowed under Subsection  
132 41-12a-303.2(4); or

133 (b) proof of exemption from the owner's or operator's security requirements.

134 (2) If an owner of a motor vehicle fails to provide satisfactory proof of owner's or  
135 operator's security to the designated agent, the designated agent shall:

136 (a) provide a second notice to the owner of the motor vehicle that the owner now has  
137 15 days to provide:

138 (i) proof of owner's or operator's security in a form allowed under Subsection  
139 41-12a-303.2(4); or

140 (ii) proof of exemption from the owner's or operator's security requirements;

141 (b) for each notice provided, indicate information relating to the owner's failure to  
142 provide proof of owner's or operator's security in the database; and

143 (c) provide this information to state and local law enforcement agencies as requested in  
144 accordance with the provisions under Section 41-12a-805.

145 (3) The Motor Vehicle Division:

146 (a) shall revoke the registration upon receiving notification under Subsection  
147 41-1a-110(2); [~~and~~]

148 (b) shall provide appropriate notices of the revocation, the legal consequences of  
149 operating a vehicle with revoked registration and without owner's or operator's security and  
150 instructions on how to get the registration reinstated; and

151 (c) may direct the designated agent to provide the notices under this Subsection (3).

152 (4) Any action by the Motor Vehicle Division to revoke the registration of a motor  
153 vehicle under this section may be in addition to an action by a law enforcement agency to  
154 impose the penalties under Section 41-12a-302 or 41-12a-303.2.

155 (5) (a) A person may not provide a false or fraudulent statement to the Motor Vehicle  
156 Division or designated agent.

157 (b) In addition to any other penalties, a person who violates Subsection (5)(a) is guilty  
158 of a class B misdemeanor.

159 (6) The department and the Motor Vehicle Division shall direct the designated agent to  
160 exempt from this section a farm truck that:

161 (a) meets the definition of a farm truck under Section 41-1a-102; and

162 (b) is registered as a farm truck under Title 41, Chapter 1a, Motor Vehicle Act.

163 (7) This part does not affect other actions or penalties that may be taken or imposed for  
164 violation of the owner's and operator's security requirements of this chapter.

165 (8) If a comparison under Section 41-12a-803 shows that a motor vehicle may not be in  
166 compliance with motor vehicle registration or sales and use tax laws, the Motor Vehicle  
167 Division may direct that the designated agent provide notice to the owner of a motor vehicle  
168 that information exists which indicates the possible violation.

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**Legislative Review Note**  
**as of 10-20-05 9:15 AM**

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

**Office of Legislative Research and General Counsel**

**Interim Committee Note**  
**as of 12-16-05 7:07 AM**

The Transportation Interim Committee recommended this bill.

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**Fiscal Note**  
**Bill Number HB0017**

**Uninsured Motorist Identification Database Program Amendments**

*16-Jan-06*

*8:09 AM*

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**State Impact**

It is estimated that the increase in costs to the Department of Public Safety can be handled within existing budgets for FY 2007 and FY 2008. Beginning FY 2009, an annual ongoing appropriation from the Transportation Fund Restricted Uninsured Motorist Identification Account of \$180,000 will be required to implement provisions of the bill.

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**Individual and Business Impact**

It is estimated that provisions of this bill can be implemented with existing resources.

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**Office of the Legislative Fiscal Analyst**