

Representative Joseph G. Murray proposes the following substitute bill:

**UNINSURED MOTORIST IDENTIFICATION
DATABASE PROGRAM AMENDMENTS**

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joseph G. Murray

Senate Sponsor: Scott K. Jenkins

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:

- ▶ defines commercial motor vehicle insurance coverage;
- ▶ requires the Insurance Department to make rules defining and approving commercial motor vehicle insurance coverage;
- ▶ exempts certain insurers that issue a policy that includes certain motor vehicles from providing a record of coverage to the Department's designated agent;
- ▶ requires the Motor Vehicle Division to provide the Department of Public Safety's designated agent with a record of all current motor vehicle registrations with exception before the seventh and twenty-first day of each calendar month;
- ▶ 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;



26 ▶ provides that a record provided by certain insurers to the designated agent shall
27 include certain information only if available;

28 ▶ requires the designated agent to update and compare the database with current
29 vehicle registrations for certain motor vehicle coverages at least twice a month
30 rather than monthly;

31 ▶ reduces the number of consecutive months that a vehicle must show on the
32 uninsured motorist identification database as being uninsured before the first
33 warning letter is sent to the vehicle owner; and

34 ▶ makes technical changes.

35 **Monies Appropriated in this Bill:**

36 None

37 **Other Special Clauses:**

38 This bill takes effect on July 1, 2006.

39 **Utah Code Sections Affected:**

40 AMENDS:

41 **31A-22-315**, as last amended by Chapter 90, Laws of Utah 2004

42 **41-1a-120**, as last amended by Chapter 90, Laws of Utah 2004

43 **41-12a-803**, as last amended by Chapter 32, Laws of Utah 2003

44 **41-12a-804**, as last amended by Chapter 345, Laws of Utah 2000



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

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

48 **31A-22-315. Motor vehicle insurance reporting -- Penalty.**

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

51 (i) includes motor vehicle liability coverage, uninsured motorist coverage,
52 underinsured motorist coverage, or personal injury coverage; and

53 (ii) is defined and approved by the department.

54 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
55 department shall make rules:

56 (i) defining commercial motor vehicle insurance coverage; and

57 (ii) establishing a procedure to approve a policy that includes motor vehicle liability
58 coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury
59 coverage as a commercial motor vehicle insurance coverage policy.

60 ~~[(1)]~~ (2) (a) [Each] Except as provided in Subsections (2)(b) and (c), each insurer that
61 issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage,
62 underinsured motorist coverage, or personal injury coverage under this part shall before the
63 seventh and twenty-first day of each calendar month provide to the Department of Public
64 Safety's designated agent selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured
65 Motorist Identification Database Program, a record of each motor vehicle insurance policy in
66 effect for vehicles registered or garaged in Utah as of the previous [month] submission that was
67 issued by the insurer.

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

74 (c) An insurer that issues a policy that includes motor vehicle liability coverage,
75 uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage
76 under this part is not required to provide a record of a motor vehicle insurance policy in effect
77 for a vehicle to the Department of Public Safety's designated agent under Subsection (2)(a) or
78 (b) if the policy covers a vehicle that is registered under Section 41-1a-221, 41-1a-222, or
79 41-1a-301.

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

81 ~~[(2) The]~~ (3) (a) A record provided by an insurer under Subsection (2)(a) shall include:

82 ~~[(a)]~~ (i) the name, date of birth, and driver license number of each insured owner or
83 operator, and the address of the named insured;

84 ~~[(b)]~~ (ii) the make, year, and vehicle identification number of each insured vehicle; and

85 ~~[(c)]~~ (iii) the policy number, effective date, and expiration date of each policy.

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

87 (i) the named insured;

88 (ii) the policy number, effective date, and expiration date of each policy; and

89 (iii) the following information, if available:

90 (A) the name, date of birth and driver license number of each insured owner or
91 operator, and the address of the named insured; and

92 (B) the make, year, and vehicle identification number of each insured vehicle.

93 ~~[(3)]~~ (4) Each insurer shall provide this information on magnetic tape or in another
94 form the Department of Public Safety's designated agent agrees to accept.

95 ~~[(4)]~~ (5) (a) The commissioner may, following procedures set forth in Title 63, Chapter
96 46b, Administrative Procedures Act, assess a fine against an insurer of up to \$250 for each day
97 the insurer fails to comply with this section.

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

100 Section 2. Section **41-1a-120** is amended to read:

101 **41-1a-120. Participation in Uninsured Motorist Identification Database Program.**

102 (1) ~~[The]~~ (a) Except as provided in Subsection (1)(b), the division shall provide the
103 Department of Public Safety's designated agent, as defined in Section 41-12a-802, with a
104 record of all current motor vehicle registrations[:] before the seventh and twenty-first day of
105 each calendar month.

106 (b) The division is not required to provide the Department of Public Safety's designated
107 agent as defined in Section 41-12a-802 a record of current motor vehicle registrations for
108 vehicles that are registered under Section 41-1a-221, 41-1a-222, or 41-1a-301.

109 (2) The division shall perform the duties specified in:

110 (a) Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification Database Program;
111 and

112 (b) Sections 41-1a-109 and 41-1a-110.

113 (3) The division shall cooperate with the Department of Public Safety in making rules
114 and developing procedures to use the Uninsured Motorist Identification Database.

115 Section 3. Section **41-12a-803** is amended to read:

116 **41-12a-803. Program creation -- Administration -- Selection of designated agent**
117 **-- Duties -- Rulemaking -- Audits.**

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

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

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

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

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

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

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

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

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

137 (i) insurers under Section 31A-22-315;

138 (ii) the division under Subsection (6); and

139 (iii) the Motor Vehicle Division under Section 41-1a-120.

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

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

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

149 (5) With information provided by the department and the Motor Vehicle Division, the

150 designated agent shall, at least monthly for submissions under Subsection 31A-22-315(2)(b) or
151 at least twice a month for submissions under Subsection 31A-22-315(2)(a):

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

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

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

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

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

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

164 (i) billings made by the designated agent; and

165 (ii) the accuracy of the designated agent's matching of vehicle registration with
166 insurance data.

167 Section 4. Section **41-12a-804** is amended to read:

168 **41-12a-804. Notice -- Proof -- Revocation of registration -- False statements --**
169 **Penalties -- Exemptions -- Sales tax enforcement.**

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

174 (a) proof of owner's or operator's security in a form allowed under Subsection
175 41-12a-303.2(4); or

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

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

179 (a) provide a second notice to the owner of the motor vehicle that the owner now has
180 15 days to provide:

181 (i) proof of owner's or operator's security in a form allowed under Subsection
182 41-12a-303.2(4); or
183 (ii) proof of exemption from the owner's or operator's security requirements;
184 (b) for each notice provided, indicate information relating to the owner's failure to
185 provide proof of owner's or operator's security in the database; and
186 (c) provide this information to state and local law enforcement agencies as requested in
187 accordance with the provisions under Section 41-12a-805.
188 (3) The Motor Vehicle Division:
189 (a) shall revoke the registration upon receiving notification under Subsection
190 41-1a-110(2); ~~and~~
191 (b) shall provide appropriate notices of the revocation, the legal consequences of
192 operating a vehicle with revoked registration and without owner's or operator's security and
193 instructions on how to get the registration reinstated; and
194 (c) may direct the designated agent to provide the notices under this Subsection (3).
195 (4) Any action by the Motor Vehicle Division to revoke the registration of a motor
196 vehicle under this section may be in addition to an action by a law enforcement agency to
197 impose the penalties under Section 41-12a-302 or 41-12a-303.2.
198 (5) (a) A person may not provide a false or fraudulent statement to the Motor Vehicle
199 Division or designated agent.
200 (b) In addition to any other penalties, a person who violates Subsection (5)(a) is guilty
201 of a class B misdemeanor.
202 (6) The department and the Motor Vehicle Division shall direct the designated agent to
203 exempt from this section a farm truck that:
204 (a) meets the definition of a farm truck under Section 41-1a-102; and
205 (b) is registered as a farm truck under Title 41, Chapter 1a, Motor Vehicle Act.
206 (7) This part does not affect other actions or penalties that may be taken or imposed for
207 violation of the owner's and operator's security requirements of this chapter.
208 (8) If a comparison under Section 41-12a-803 shows that a motor vehicle may not be in
209 compliance with motor vehicle registration or sales and use tax laws, the Motor Vehicle
210 Division may direct that the designated agent provide notice to the owner of a motor vehicle
211 that information exists which indicates the possible violation.

212 Section 5. **Effective date.**

213 This bill takes effect on July 1, 2006.

Fiscal Note
Bill Number HB0017S01

Uninsured Motorist Identification Database Program Amendments

30-Jan-06

11:43 AM

State Impact

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

Individual and Business Impact

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

Office of the Legislative Fiscal Analyst