

Senator Kevin T. Van Tassell proposes the following substitute bill:

REPORTING OPTIONS FOR AUTO INSURANCE

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kevin T. Van Tassell

House Sponsor: Bradley M. Daw

LONG TITLE

General Description:

This bill modifies the Insurance Code and Motor Vehicles Code by amending provisions relating to motor vehicle insurance reporting.

Highlighted Provisions:

This bill:

- ▶ provides that certain insurers that issue motor vehicle coverage for certain motor vehicles shall, upon request, provide to the Department of Public Safety's designated agent verification of whether or not a motor vehicle insurance policy is in effect for a specified vehicle;

- ▶ provides that the insurer shall provide the verification using an electronic service established by the insurers, through the Internet, world wide web, or a similar proprietary or common carrier electronic system that is compliant with certain standards and requirements;

§→ ▶ provides that the Commissioner of Insurance may assess a fine against an insurer for noncompliance;

▶provides that under certain circumstances, the Commissioner shall excuse the fine; ←§

- ▶ provides that the designated agent shall make available the verification information provided by insurers to:

- state and local law enforcement agencies; and
- certain financial institutions;

- ▶ provides a July 1, **§→ [2015] 2016 ←§** sunset date; and



26 ▶ makes technical changes.

27 **Money Appropriated in this Bill:**

28 None

29 **Other Special Clauses:**

30 This bill takes effect on ~~§~~→ [January] July ←~~§~~ 1, 2013.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **41-12a-803**, as last amended by Laws of Utah 2011, Chapter 342

34 **41-12a-805**, as last amended by Laws of Utah 2009, Chapter 183

35 **63I-2-231**, as last amended by Laws of Utah 2011, Chapter 284

36 ENACTS:

37 **31A-22-315.5**, Utah Code Annotated 1953

38

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

40 Section 1. Section **31A-22-315.5** is enacted to read:

41 **31A-22-315.5. Motor vehicle insurance verification** ~~§~~→ -- **Penalty** ←~~§~~ .

42 (1) (a) Except as provided in Subsections (1)(b) ~~§~~→ **and in addition to the reporting**
 42a **requirements under Section 31A-22-315** ←~~§~~ , each insurer that issues a policy that
 43 includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist
 44 coverage, or personal injury coverage under this part shall, upon request, provide to the
 45 Department of Public Safety's designated agent selected in accordance with Title 41, Chapter
 46 12a, Part 8, Uninsured Motorist Identification Database Program, verification of whether or not
 47 a motor vehicle insurance policy is in effect for a specified vehicle.

48 (b) An insurer that issues a policy that includes motor vehicle liability coverage,
 49 uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage
 50 under this part is not required to provide verification of a motor vehicle insurance policy in
 51 effect for a vehicle to the Department of Public Safety's designated agent under Subsection
 52 (1)(a) if:

53 (i) the policy covers a vehicle that is registered under Section 41-1a-221, 41-1a-222, or
 54 41-1a-301;

55 (ii) the policy covers a commercial motor vehicle; or

56 (iii) the insurer issues ~~§~~→ **insurance for** ←~~§~~ less than 500 motor ~~§~~→ **[vehicle liability**
 56a **policies] vehicles** ←~~§~~ .

57 (2) Each insurer shall provide the verification required under Subsection (1) using an
 58 electronic service established by the insurers, through the Internet, world wide web, or a similar
 59 proprietary or common carrier electronic system that:

60 (a) is compliant with:

61 (i) the specifications and standards of the Insurance Industry Committee on Motor
 62 Vehicle Administration; and

63 (ii) other applicable industry standards;

64 (b) is available 24 hours a day, seven days a week, subject to reasonable allowances

65 for:

66 (i) scheduled maintenance; or

67 (ii) temporary system failures; and

68 (c) includes appropriate security measures, consistent with industry standards, to:

69 (i) secure its data against unauthorized access; and

70 (ii) maintain a record of all information requests.

70a **§→ (3) (a) The commissioner may, following procedures set forth in Title 63G, Chapter 4,**
 70b **Administrative Procedures Act, assess a fine against an insurer of up to \$250 for each day the**
 70c **insurer fails to comply with this section.**

70d **(b) The commissioner shall excuse the fine if an insurer shows that the failure to**
 70e **comply with this section was:**

70f **(i) inadvertent;**

70g **(ii) accidental; or**

70h **(iii) the result of excusable neglect. ←§**

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

72 **41-12a-803. Program creation -- Administration -- Selection of designated agent**
 73 **-- Duties -- Rulemaking -- Audits.**

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

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

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

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

82 (d) assist in protecting a financial institution's bona fide security interest in a motor

181 the department determines that sufficient security is provided to ensure compliance with this
182 section.

183 (c) The department may allow the designated agent to charge a fee established by the
184 department under Section 63J-1-504 for each:

185 (i) document authenticated, including each certified copy;

186 (ii) record accessed by the Internet or by other electronic medium; and

187 (iii) record provided to a financial institution under Subsection (2)(g).

188 (4) A person who knowingly releases or discloses information from the database for a
189 purpose other than those authorized in this section or to a person who is not entitled to it is
190 guilty of a third degree felony.

191 (5) An insurer is not liable to any person for complying with ~~[Section]~~ Sections
192 31A-22-315 and 31A-22-315.5 by providing information to the designated agent.

193 (6) Neither the state nor the department's designated agent is liable to any person for
194 gathering, managing, or using the information in the database as provided in ~~[Section]~~ Sections
195 31A-22-315 and 31A-22-315.5 and this part.

196 Section 4. Section **63I-2-231** is amended to read:

197 **63I-2-231. Repeal dates, Title 31A.**

198 (1) Section 31A-22-315.5 is repealed July 1, ~~§~~ → [2015] 2016 ← ~~§~~ .

199 (2) Title 31A, Chapter 42, Defined Contribution Risk Adjuster Act, is repealed January
200 1, 2013.

201 Section 5. **Effective date.**

202 This bill takes effect on ~~§~~ → [January] July ← ~~§~~ 1, 2013.