

SPONSOR: Francis

This bill requires the Department of Revenue (DOR) to establish a web-based system for the verification of motor vehicle insurance. The system shall be the sole system used in the state for the purpose of verifying financial responsibility (Section 303.450).

The verification system shall transmit requests to insurers for verification of insurance coverage via web services established in accordance with Insurance Industry Committee on Motor Vehicle Administration ("IICMVA") specifications, and the insurance company system shall respond with a prescribed response upon evaluating the data provided in the request. The system shall include appropriate data security protections, and the DOR shall maintain a historical record of the system data for up to 12 months from the date of the requests and responses. The system shall be used to verify financial responsibility required by law, and shall be accessible by authorized employees of the DOR, the courts, law enforcement, and other entities as authorized by law, and shall be interfaced, wherever appropriate, with existing state systems. The system shall include information enabling the DOR to submit inquiries to insurers regarding motor vehicle insurance that are consistent with insurance industry and IICMVA standards by using the insurer's National Association of Insurance Commissioners company code, vehicle identification number, policy number, verification date, or as otherwise described in IICMVA standards. The DOR shall promulgate rules to offer insurers of 1000 or fewer vehicles an alternative method for verifying coverage in lieu of web services, and to provide for the verification of financial responsibility when proof of financial responsibility is provided to the DOR by means other than a policy of insurance. Insurers are not required to verify insurance coverage for vehicles registered in other jurisdictions (Section 303.455(1)).

The verification system shall respond within a timeframe established by the DOR. An insurer's system shall respond within the time period prescribed by the IICMVA's specifications and standards. Insurer systems shall be permitted reasonable system downtime for maintenance and other work with advance notice to the DOR. Insurers shall not be subject to enforcement fees or other sanctions under such circumstances, or when their systems are not available because of emergency, outside attack, or other unexpected outages not planned by the insurer and reasonably outside of its control (Section 303.455(2)).

When the DOR has reason to believe a motor vehicle has been or is being operated without maintaining financial responsibility, the owner's vehicle registration may be suspended or revoked until such

time as proof of financial responsibility is provided to the DOR and applicable fees and fines have been paid (Section 303.455(3)).

The goal of the verification system shall be to assist in the identification of uninsured motorists in the most effective way possible. System responses shall not have an effect on the determination of coverage under a claim. Nothing in this bill shall prohibit the DOR from contracting with a third-party vendor or vendors who have successfully implemented similar systems in other states (Section 303.455(4)).

The DOR shall consult with insurance industry representatives and may consult with third-party vendors to determine the objectives, details, and deadlines related to the system by establishing an advisory council with membership as specified in the bill (Section 303.455(5)).

The DOR shall publish for comment, and then issue, a detailed implementation guide for its online verification system (Section 303.455(6)).

The DOR and its third-party vendors, if any, shall each maintain a contact person for insurers during the establishment, implementation, and operation of the system (Section 303.455(7)).

If the DOR has reason to believe a vehicle owner does not maintain financial responsibility as required under the Motor Vehicle Financial Responsibility Law, it may also request for the insurer to verify the existence of financial responsibility in a form approved by the DOR. Insurers shall cooperate with the DOR in establishing and maintaining the verification system, and shall provide motor vehicle insurance policy status information in accordance with rules promulgated by the DOR. (Section 303.455(8))

Every property and casualty insurer licensed to issue motor vehicle insurance or authorized to do business in this state shall comply with this bill for the verification of any vehicle for which the insurer issues a policy in this state (Section 303.455(9)).

For purposes of historical verification inquiries, insurers shall maintain a historical record of insurance data for a minimum period of six months from the date of a policy's inception or modification (Section 303.455(10)).

The bill shall not apply with regard to "commercial auto coverage", as defined in the bill. However, such insurers may participate on a voluntary basis (Section 303.455(11)).

Individuals covered by commercial or fleet automobile policies

shall be provided with proof of coverage as described in the bill.
(Section 303.455(12))

Insurers shall be immune from civil and administrative liability for good faith efforts to comply with the bill. Nothing in this bill shall prohibit an insurer from using the services of a third-party vendor for facilitating the verification program required under the bill (Sections 303.455(13)-(14)).

Not more than 2 years after establishment of the verification system, the DOR, after consultation with insurers, shall report to the legislature the costs of the program to the DOR, to insurers, and to the public, as well as the effectiveness of the program in reducing the number of uninsured motor vehicles (Section 303.460).

The verification system shall be in operation by January 1, 2022, following a testing period of not less than nine months. No enforcement action shall be taken based on the system until successful completion of the testing period (Section 303.465).

This bill is the same as SB 1086 (2020).