

**REPORT OF THE  
DEPARTMENT OF MOTOR VEHICLES**

**DESIRABILITY AND FEASIBILITY  
OF REQUIRING ALL VIRGINIA  
LICENSED DRIVERS TO CARRY  
LIABILITY INSURANCE**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 19**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1997**



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## PREFACE

As part of its role of administering motor vehicle laws, DMV is responsible for monitoring liability insurance for all motor vehicles registered in the Commonwealth in an attempt to detect uninsured motorists prior to their involvement in an accident. DMV currently administers five insurance monitoring programs in an effort to detect the uninsured motorist.

In 1995, DMV established task force comprised of insurance industry representatives and DMV staff to review the Commonwealth's efforts and recommend alternatives that would strengthen DMV detection of the uninsured while minimizing the impact on our law abiding citizens.

Recommendations from the task force led to legislative changes detailed in this report, which were adopted by the 1996 General Assembly. The legislation requires insurance companies to electronically report all cancellations and additions to DMV on a monthly basis starting in January, 1997.

DMV and members of the insurance industry have met several times since May to develop reporting specifications for implementing the recent legislative changes and to discuss the uninsured motorist situation.

The enhancement of DMV's process would not have been possible without the assistance and cooperation of the insurance industry with special thanks to the industry representatives and DMV staff members who assisted us in our initial task force meetings in 1995.

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I would also like to thank the insurance industry members of our insurance verification team for all their hard work and help in developing an electronic exchange process that will be state of the art.

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We appreciate the fact that many of the above team members took the time and effort to travel to meetings in Virginia, in many cases from as far away as Illinois, New York and Texas.

Sincerely,



Richard D. Holcomb  
Commissioner

November 8, 1996

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## EXECUTIVE SUMMARY

House Joint Resolution 189 (1996) requested the establishment of a joint subcommittee to study, among other issues, the desirability and feasibility of requiring all Virginia-licensed drivers to carry liability insurance. This report is in response to a letter received from The Honorable Thomas W. Moss, Jr., Speaker of the House of Delegates, dated April 29, 1996. In this report, DMV addresses one issue raised both by HJR 189 and by Speaker Moss in his letter, a compulsory or mandatory motor vehicle liability insurance requirement.

In January 1995, DMV formed an inter-industry task force to study liability insurance issues. The task force was established based on recommendations from the Governor's Commission on Government Reform (the Blue Ribbon Strike Force). The Strike Force requested DMV to assess whether the Commonwealth should continue to offer motor vehicle owners the option of voluntarily paying an uninsured motorist fee; raise the uninsured motorist fee to a more appropriate level; or require mandatory insurance.

The task force included insurance industry representatives from GEICO; Nationwide Insurance Company; State Farm Insurance Company; and select DMV staff. Meetings of the task force throughout 1995 culminated in recommendations that Virginia should continue to offer motor vehicle owners the option of voluntarily paying an uninsured motorist fee. Further, rather than requiring mandatory insurance, the task force recommended that we enhance enforcement of our current financial responsibility requirements, to include a joint DMV/insurance industry electronic insurance verification process.

In Appendix "A" to the report, the insurance industry comments on compulsory insurance. Included are letters from the Insurance Industry Committee on Motor

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Vehicle Administration (IICMVA) and from Sands Anderson, Marks & Miller, representing Nationwide Insurance Company.

The recommendations of the task force resulted in a legislative proposal, House Bill 524, and Senate Bill 554, (both bills were identical) passed by the 1996 General Assembly.<sup>1</sup>

The electronic verification process is scheduled to be operational on the effective date of the legislation, January 1, 1997. Since the bill's passage, DMV has met three times with insurance company representatives, and will continue to meet with industry, to ensure that the new electronic verification process fulfills its function; reducing the number of uninsured motorists on Virginia highways.

Compulsory insurance appears at first glance to be the right answer. Indeed, based on a report published by the National Association of Independent Insurers (NAII) in 1994, forty three states have now adopted compulsory or mandatory insurance requirements. The task force concluded, however, that compulsory insurance is not the solution to the problem of uninsured motorists.

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<sup>1</sup> **Patrons of House Bill 524:** Chief Patron: The Honorable William S. Moore, Jr. The following Delegates were Co-Patrons: The Honorable David B. Albo; The Honorable I. Vincent Behm, Jr.; The Honorable Vincent F. Callahan, Jr.; The Honorable Eric I. Cantor; The Honorable Whittington W. Clement; The Honorable Julia A. (Judy) Connally; The Honorable Flora D. Crittenden; The Honorable L. Karen Darner; The Honorable V. Earl Dickinson; and The Honorable Theima S. Drake; The Honorable Allen W. Dudley; The Honorable H. Morgan Griffith; The Honorable Raymond R. Guest, Jr.; The Honorable Phillip A. Hamilton; The Honorable Frank D. Hargrove, Sr.; The Honorable Robert E. Harris; The Honorable William J. Howell; The Honorable Robert D. Hull; The Honorable Joseph P. Johnson, Jr.; The Honorable Jay Katzen; The Honorable Robert E. Nelms; The Honorable James (Jay) K. O'Brien, Jr.; The Honorable Harry J. Parrish; The Honorable Harry (Bob) R. Purkey; The Honorable John (Jack) A. Rollison, III; The Honorable Frank M. Ruff; The Honorable James (Jim) M. Shuler; The Honorable A. Victor Thomas; The Honorable Leo C. Wardrup, Jr.; and The Honorable Peter t. Way - **Vote History** - Passed House on 2/2/96: 98 Yes and 1 No \*Passed Senate on 2/26/96: 39 Yes and 0 No \* Signed by the Governor 4/1/96 \* Chapter 489 - effective 1/1/97

**Patrons of Senate Bill 554:** Chief Patron: The Honorable Frederick M. Quayle; Co-Patrons: The Honorable Warren E. Barry; The Honorable Jackson E. Reasor, Jr.; The Honorable Kenneth W. Stolle; The Honorable Walter A. Stosch; The Honorable Malfourd W. Trumbo; The Honorable Charles L. Waddell; and The Honorable Martin E. Williams - **Vote History** - Passed Senate on 2/5/96: 39 Yes and 0 No \* Passed House on 2/23/96: 93 Yes and 4 No \* Signed by the Governor 4/1/96 \* Chapter 474 - effective 1/1/97

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Instead of reducing the number of uninsured motorists, compulsory insurance requirements have prompted citizens, who are trying to circumvent the state's insurance requirements, to acquire short term policies that are canceled as soon as the vehicle is registered or, obtain a fraudulent insurance card that is shown at time of registration.

No state has successfully eliminated uninsured motorists. Several compulsory insurance states have even estimated their uninsured motorist populations to be as high as 40% of all motor vehicles registered. The key to reducing the number of uninsured motorist operating in a state lies in how the state enforces their financial responsibility requirements.

Thus, the adoption of compulsory or mandatory insurance is not recommended. This report does recommend, however, continuing DMV's current initiative, which should enable the Commonwealth to reduce the number of uninsured motorists while minimizing the impact on the majority of law abiding citizens.

## INTRODUCTION

Uninsured Motorists concern all citizens. In 1995, DMV established a task force comprised of DMV and insurance industry representatives to review the Commonwealth's efforts to detect uninsured motorists and recommend alternatives. The task force reviewed several options including compulsory insurance but could not find any evidence that supports recommending compulsory insurance as a solution to reducing the uninsured motorist population in the Commonwealth.

The task force recommendations focused on detecting uninsured motorists when they cancel insurance and do not renew, or when citizens register a motor vehicle for the first time.

## COMPULSORY INSURANCE

Compulsory insurance appears at first glance to be the right answer. Indeed, based on a report published by the National Association of Independent Insurers (NAII) in 1994, forty three states have adopted compulsory or mandatory insurance requirements. Seven states including Virginia are financial responsibility states, as represented in the table on the next page. The elements required by each state are marked by an asterisk.

According to this report, twenty three compulsory insurance states require citizens to show proof of insurance at the time of registration and thirty states require citizens to carry an insurance identification card in the vehicle when the motor vehicle is being operated on public highways. In addition, twenty states require insurance companies to report terminations.

The task force concluded, however, that compulsory insurance is not the solution to the problem of uninsured motorists. Instead of reducing the number of uninsured motorists, these compulsory insurance requirements have prompted citizens who are trying to circumvent the state's insurance requirements to acquire short term policies that are canceled as soon as the vehicle is registered or obtain a fraudulent insurance card that is shown at time of registration. In addition, citizens who are legitimately insured but do not have proof of insurance are denied registration.

No state has successfully eliminated uninsured motorists and several compulsory insurance states have estimated their uninsured motorist populations to be as high as 40% of all motor vehicles registered.

The key to reducing the number of uninsured motorists operating in a state lies in how the state enforces their financial responsibility requirements.

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**AUTO INSURANCE REQUIREMENTS BY STATE**

States	Compulsory Insurance	Financial Responsibility	Proof of Insurance at Registration	Insurance ID Card Carried in Vehicle	Insurance Companies Report Terminations
Alabama		*			
Alaska	*				
Arizona	*			*	*
Arkansas	*		*	*	
California	*			*	
Colorado	*			*	
Connecticut	*		*	*	*
Delaware	*				*
District of Columbia	*		*		*
Florida	*		*	*	*
Georgia	*			*	*
Hawaii	*			*	
Idaho	*		*	*	
Illinois	*			*	
Indiana	*		*	*	
Iowa		*			
Kansas	*			*	
Kentucky	*		*	*	*
Louisiana	*		*	*	*
Maine	*			*	
Maryland	*		*		*
Massachusetts	*		*		*
Michigan	*		*		
Minnesota	*			*	*
Mississippi		*			
Missouri	*			*	
Montana	*			*	
Nebraska	*		*	*	
Nevada	*			*	*
New Hampshire		*			
New Jersey	*		*	*	*
New Mexico	*		*		
New York	*		*	*	*
North Carolina	*		*		*
North Dakota	*				
Ohio	*				
Oklahoma	*		*	*	*
Oregon	*			*	
Pennsylvania	*		*	*	*
Rhode Island	*		*		

States	Compulsory Insurance	Financial Responsibility	Proof of Insurance at Registration	Insurance ID Card Carried in Vehicle	Insurance Companies Report Terminations
South Carolina	*		*		*
South Dakota	*			*	
Tennessee		*			
Texas	*		*	*	
Utah	*		*	*	*
Vermont	*		*		
Virginia		*			
Washington	*				
West Virginia	*			*	*
Wisconsin		*			
Wyoming	*			*	

## SOCIO-ECONOMIC EFFECTS OF COMPULSORY INSURANCE

States requiring compulsory insurance also face the social issue of making insurance affordable for all citizens. Attempts at establishing socio-economic policies in these states have led to serious confrontations between insurance companies attempting to underwrite policies according to their own rating practices, and the state's policy of setting all rates to ensure affordability for all citizens.

In New Jersey, the state determines the rate for policies written in the state and requires all insurance companies to follow their rating structure. This practice led to several national companies refusing to offer policies to persons residing in that state because they deem the rates to be unprofitable.

Arizona has had an on-going debate about mandatory insurance and its impact on citizens who may not be able to afford insurance, yet who depend on private transportation to work.

In South Carolina, the state itself underwrites policies for drivers with poor driving records who are unable to obtain affordable insurance elsewhere. Typically, insurance companies will either not issue a policy to these individuals due to the high risk, or will only issue a policy at a substantial premium. This effort to ensure affordability has been a financial disaster and has led to huge economic losses to the state.

In September 1995, a delegation of Senators from the South Carolina legislature visited Virginia. The Senators stated that South Carolina is losing \$90 to \$140 million per year due to compulsory insurance. Consequently, public hearings are being held throughout the state to repeal the compulsory insurance requirement. Lawmakers are currently preparing legislation that will mirror Virginia's statute.

In Virginia, the State Corporation Commission allows insurance companies to underwrite their own policies and file with the Commission their established rate. This practice is referred to as "file and use".

The free market place in the Commonwealth addresses overcharging by the industry since consumers can freely "shop" for a policy and take their business to the insurance company that offers the most protection for the lowest cost.

Several insurance companies writing policies in the Commonwealth offer their customers different payment options to include monthly payments to ensure affordability for their customers. In 1994, the Virginia Automobile Insurance Plan charged adults with a clean driving record between \$412-\$586 for liability insurance, dependent on the person's geographic location. On a monthly basis, this would equate to payments of approximately \$34 to \$49.

## COMMONWEALTH'S CURRENT APPROACH TO UNINSURED MOTORISTS

The Commonwealth is one of the lowest state's in terms of premiums charged by insurance companies to its citizens for liability insurance and in affording citizens the maximum protection if they are involved in an accident with an uninsured motorist. These results are the combined efforts of the State Corporation Commission (SCC) and the Department of Motor Vehicles (DMV).

The first part to making insurance affordable in Virginia and protecting citizens lies with the SCC. The SCC does not establish rates for standard insurance policies written in the Commonwealth. Instead, insurance companies establish their own rates based on their underwriting practices and file with the SCC a schedule for use. This practice is referred to as "file and use".

In addition, each basic liability insurance policy written in the Commonwealth requires an uninsured motorist provision with a fee established by the SCC. This mandatory coverage protects all Virginia owners if they are involved in an accident with an uninsured motorist regardless if the uninsured motorist is an in-state or out- of- state resident.

The second part of the state's efforts lies with DMV. DMV enforces the state's financial responsibility requirements by administering the five insurance monitoring processes previously described in order to detect the uninsured motorist. The vehicle owners involved will be monitored by DMV and will have their vehicle registration and driver licensing privileges suspended if they are found to be uninsured.

In addition, if a motor vehicle owner is found to be uninsured, he or she is required to pay a \$400 Uninsured Motor Vehicle (UMV) fee, a \$30 reinstatement fee and have their insurance company file a Proof of Financial Responsibility (SR22) form with DMV before their privileges are reinstated. The proof of financial responsibility is in effect for three years and if canceled will result in an immediate suspension until a new SR22 is filed.

All funds collected from the \$400 UMV fee are paid by DMV to SCC, after deduction for operating expenses, to help off-set the cost to insurance companies of providing payments to their insured when the insured is involved in an accident with an uninsured motorist. In FY 95-96, \$3.7 million was transferred to SCC.

Since implementation of the current program in July 1986, a total of over \$38.5 million has been transferred to SCC, which in turn is distributed among insurance companies doing business in Virginia in order to keep premiums down. In addition, mandatory uninsured coverage is paid on every insurance policy issued in Virginia. Thus, the Commonwealth is able to ensure law abiding citizens insurance protection even if they are involved in an accident where the other motorist is uninsured.

## RECENT CHANGES TO DMV'S EFFORTS OF DETECTING UNINSURED MOTORISTS

In 1995, DMV established a task force comprised of DMV and insurance industry representatives to review the Commonwealth's efforts to detect uninsured motorists. The team was charged with recommending alternatives that would strengthen the agency's efforts in detecting uninsured motorists while minimizing the impact on citizens who were complying with the state's insurance statutes.

The task force reviewed several options including compulsory insurance, but could not find any evidence that supports recommending compulsory insurance as a solution to reducing the uninsured motorist population in the Commonwealth.

The task force focused instead on enhancing the DMV's ability of detecting uninsured motorists prior to their involvement in an accident while minimizing the impact on law abiding citizens.

The task force looked at four existing programs, in addition to the current random sampling process at the time of registration.

### ***Conviction Sampling***

This insurance monitoring process targets the high risk population of licensed drivers who have been convicted of a number of moving violations or have failed to respond to driver improvement treatments. Drivers with elevated demerit points are selected to provide insurance information upon conviction of an additional moving violation. If the driver fails to respond, or is found to have no insurance, an order of suspension is

issued at which time the compliance process is initiated. This is also an automated process whereby all notices and orders are computer-generated.

The monitoring activities associated with this process since 1986 are summarized below:

**Conviction Sampling Activities**

	<u>FY86-93</u>	<u>FY93-94</u>	<u>FY94-95</u>	<u>TOTAL</u>
Detection Rate	25.70%	20.77%	30.81%	25.74%

***Suspected Uninsured Accident***

This insurance monitoring process allows a citizen and/or a representative to voluntarily file an accident report with DMV, and as a part of the report, to indicate there is a reason to believe the other party involved in the accident was uninsured. This is a manual process in which a request for insurance information is sent to the citizen specified in the report. If the citizen fails to respond, or is found to have no insurance, an order of suspension is issued.

The citizen and/or representative filing the accident report may request DMV to provide them with the insurance information obtained.

The activities associated with this process are summarized below:

**Suspected Uninsured Accident Activity**

	<u>FY86-93</u>	<u>FY93-94</u>	<u>FY94-95</u>	<u>TOTAL</u>
Detection Rate	70.83%	69.93%	62.76%	69.60%

***Law Enforcement Notification***

This insurance monitoring process is initiated when police officers require citizens to provide insurance information to DMV on form FR422A. Usually, citizens are asked to provide this information at a roadside spot check or if there is probable cause for a moving traffic violation. This is a manual process in which an order of suspension is issued to citizens who are found to have no insurance at the time the FR422A was issued. In addition to State Police, a total of 108 localities cooperate with DMV in administering this process.

DMV is requesting that State Police increase the frequency with which the form FR422A is issued by police officers at a roadside spot check or where the motorist is suspected to be uninsured.

The activity associated with the process is summarized below:

**Law Enforcement Notification Activity**

	<u>FY86-93</u>	<u>FY93-94</u>	<u>FY94-95</u>	<u>TOTAL</u>
Detection Rate	23.50%	47.69%	45.03%	25.52%

### ***Citizen Information/Police Accident Report***

This insurance monitoring process utilizes police accident reports and citizen-initiated documentation to identify individuals to be monitored for vehicle liability insurance. This is a manual process in which the accident reports and citizen documentation are reviewed by DMV personnel to determine if there is a need to issue a request for insurance information. If information is requested and the citizen fails to respond, or is found to have no insurance, an order of suspension is issued which initiates the compliance process.

The activity associated with this process is summarized below:

#### **Citizen Information/Police Accident Report Activity**

	<u>FY86-93</u>	<u>FY93-94</u>	<u>FY94-95</u>	<u>TOTAL</u>
Detection Rate	46.71%	80.77%	59.00%	50.85%

As may be seen from the above, these programs have consistently achieved a high success rate; the minimum detection rate is over 25% and in some cases the rate is almost 70%. Thus, the task force recommended that these very effective programs remain in place. The task force noted that the programs are primarily manual and will, therefore, benefit in terms of efficiency from the new electronic process.

The current manual vehicle registration sampling program is viewed as one of the most intrusive programs in Virginia state government. Since 1986, the current random sampling program has consistently achieved an uninsured detection rate of approximately 7%. The positive aspect of this statistic is that Virginia's uninsured population is relatively low, as compared to other states. The negative aspect is that

the current program intrudes into the lives of those sampled, 93% of whom are law abiding citizens. Conversely, the drivers identified under the electronic process will be those motorists suspected to be uninsured, while the 93% of law abiding citizens monitored under the current process will not be contacted.

With cooperation from the insurance industry, the team recommended legislative changes to the current manual random sampling process. The legislation, House Bill 524, and Senate Bill 554, (both bills were identical) were passed by the 1996 General Assembly.

The House Bill's chief sponsor was The Honorable William S. Moore, Jr. The bill had no less than thirty (30) co-sponsors, was re-referred to the House Transportation committee and was reported out of that committee with only one negative vote. The bill passed the full House with only one "no" vote and passed the full Senate unanimously.

The Senate Bill's chief sponsor was The Honorable Frederick M. Quayle, with seven (7) co-sponsors. This bill unanimously reported from committee, passed the Senate unanimously, reported out of the House committee unanimously and was overwhelmingly passed by the full House. Both bills were signed into law by the Governor on April 1, 1996, effective January 1, 1997.

These bills will require insurance companies to electronically report all cancellations and additions to DMV on a monthly basis. DMV believes that the new program will be more effective, less intrusive and will reduce the uninsured motorist rate in Virginia.

Beginning in January, 1997, DMV will accumulate insurance information matching all cancellations and additions resulting in the detection of potential uninsured motorists who have canceled their insurance and not acquired new insurance. In addition, DMV will also match new registrations against the additions reported by insurance companies

to detect uninsured motorists who have registered a motor vehicle with DMV but have not added the motor vehicle to an insurance policy.

This new process will identify only the targeted population, those motor vehicle owners suspected to be uninsured. These owners will still be sent a request for insurance liability information that will be verified with the named insurance company prior to any further action by DMV

If the motor vehicle owner is found to be uninsured, DMV will require the owner to pay a \$400 UMV fee, a \$30 reinstatement fee, and have their insurance company file a Proof of Financial Responsibility (SR22) form with the Department prior to their driving and vehicle registration privileges being reinstated.

Funds collected from the new program will be used to administer the program with the remainder forwarded to the SCC for distribution to the insurance industry to offset the cost of the required uninsured motorist provision included in all basic liability policies.

DMV is currently working with the insurance industry to develop reporting specifications with a scheduled implementation set for January, 1997.

## CONCLUSION

As discussed, no state has been able to successfully remove all uninsured motorists from their highways. However, the Commonwealth's current initiative provides maximum benefit to the public. Combine this with a strong public awareness campaign, and the Commonwealth will be able to focus its resources on the uninsured motorist while minimizing the impact on the majority of citizens who are law abiding.

Based on all the information in this report, no argument for compulsory insurance seems valid. This is the task force's position, although of course the Committee may wish to contact the State Corporation Commission as well, in order to ascertain their position.

The uninsured motorist rate in Virginia is relatively good when contrasted with other states. Indeed, when the task force first met, insurance industry representatives stressed that Virginia is a state in which it is easy to do business, it has competitive rates and a comparatively low uninsured population.

The task force worked hard to develop a system that would ensure the Commonwealth's advantages were not lost, but enhanced. This new electronic system was developed with industry input. In fact, it is an industry designed system, using nationally adopted industry standards and specifications. We believe the new process will make a good system even better.

# APPENDIX

# A

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# INSURANCE INDUSTRY COMMITTEE ON MOTOR VEHICLE ADMINISTRATION

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## INSURANCE INDUSTRY COMMITTEE ON MOTOR VEHICLE ADMINISTRATION

### GUIDELINES FOR COMPULSORY LIABILITY INSURANCE ENFORCEMENT

#### INTRODUCTION

In general, compulsory insurance laws require that motor vehicle registrants have specified Liability insurance in effect at all times. Such laws make it unlawful for motorists to operate vehicles without first having proof of their ability to pay for damages for which they are legally responsible. In principle, we fully support laws designed to protect innocent victims from irresponsible motorists; in practice, however, compulsory insurance laws have failed to be fully effective. The committee believes a more effective approach is a well-administered financial responsibility law with a full program of uninsured motorist protection.

The view that legislation can force all motor vehicle owners to carry liability insurance has been found to be an illusory objective in the United States ever since enactment of the first compulsory insurance law in 1927. Forty-three states plus the District of Columbia presently have some form of compulsory insurance law. Although large sums of money have been expended by insurers and state agencies in attempts to administer these laws, studies tend to show that very little has been accomplished in increasing the number of insured vehicles on a sustained basis. The burden of these cost-ineffective efforts fall ultimately on taxpayers and policyholders, who are, in the final analysis, one and the same.

A major obstacle to the precise analysis of the uninsured motorist issue is the lack of an effective means for measuring the extent of the problem. There exists little reliable statistical evidence as to the size of the uninsured population in any given state. Comparisons of registration figures with volume of insurance written provide misleading results because of the incompatible nature of the two elements. Using the percentage of uninsured vehicles involved in accidents reported to the state probably provide a more reliable result, but this method also has some deficiencies primarily because of problems in accident reporting procedures. A third approach utilizes a random sample technique for verification of registrant certifications, but this tool is available only in compulsory insurance states and it, too, has its drawbacks. Many random verification programs

Academy Life & Casualty Company  
GEICO  
ITT Hartford Insurance Group  
Kemper Property and Casualty  
Liberty Mutual Insurance Company  
Verisign Insurance Group

Nationwide Mutual Insurance Company  
State Farm Mutual Automobile  
Insurance Company  
Travelers Insurance Group  
United Services Automobile Association  
Viking Insurance of Wisconsin

Alliance of American Insurers  
American Association of Motor Vehicle  
Administrators  
American Insurance Association  
National Association of Independent Insurers

are plagued with procedural problems such as inaccurate information provided by registrants and generally less than satisfactory results when compared to the efforts expended by everybody involved. In spite of these problems, these techniques generally seem to provide more reliable measurements of the uninsured population than the widely-used hunch type of estimate. Furthermore, they usually indicate a much lower percentage of uninsured vehicles.

The foregoing observations represent the opinion of the IICMVA, based on experience gained from a close working relationship with states which administer compulsory insurance laws. The following is an analysis of procedural concepts for enforcement of the motor vehicle laws that attempt to identify those which seem to have the best potential for reasonable enforcement as well as to identify those which have been demonstrated to be ineffective.

#### \*FINANCIAL RESPONSIBILITY LAWS

New compulsory insurance legislation should retain existing provisions of the financial responsibility law. The sanctions included in the security and future proof provisions of the financial responsibility laws should be viewed as vital to the enforcement of compulsory insurance. It is, however, of the utmost importance that extreme care be exercised in the use of terminology common to financial responsibility when compulsory insurance legislation is drafted. Specifically, use of the terminology "motor vehicle liability policy" must be avoided in any section of a compulsory insurance bill that describes or refers to the security required to be furnished to an agency of the government by a motor vehicle owner.

The insurance mandated by such legislation is intended to be ordinary automobile insurance, but apparently the term "automobile insurance" is not thought to be broad enough to include all types of motor vehicles, thus the adoption of the all-inclusive term "motor vehicle liability policy." The use of this terminology has a serious unintended effect in that the existing provisions in many financial responsibility laws define a "motor vehicle liability policy" as an automobile liability policy which has been certified as proof of financial responsibility for the future.

The original Uniform Vehicle Code Chapter 7, Section 7-324 states in part:

"The liability of the insurance carrier with respect to the insurance required by the Chapter shall become absolute whenever injury or damage covered by said motor vehicle liability policy occurs; said policy may not be canceled or annulled as to such liability by any agreement between the insurance carrier and the insured after the occurrence of the injury or damage; no statement made by the insured or on his behalf and no violation of said policy shall defeat or void said policy."  
(Emphasis added.)

In essence, the act of certifying coverage by the insurer through use of a "motor vehicle liability policy" results in:

- a. Absolute coverage when an insured event occurs, and
- b. Loss of numerous policy exclusions such as the notice of loss requirements or defenses such as the ability of the insurer to raise the issue of material misrepresentation or fraud in securing the policy.

The certification of a policy results in an open-ended document. The Uniform SR22 Financial Responsibility Certificate in use in most states requires insurers to enter the effective date of coverage which then continues "until canceled or terminated in accordance with the financial responsibility laws and regulations of this state." In order to terminate the filing, an insurer must provide 10 to 20 days notice prior to the actual cancellation date of the policy. Failure by an insurer to properly cancel the SR22 negates any other cancellation notices and results in the insurer remaining on the risk.

In drafting compulsory legislation, it is essential that the drafter use the preferred terminology "automobile liability insurance." If however, this terminology is considered to be inadequate, use of the term "motor vehicle liability insurance" may be acceptable provided it is accompanied by a clear statement of legislative intent that the definition of a motor vehicle liability policy is not applicable to such sections.

#### EVIDENCE OF INSURANCE

An integral feature of compulsory insurance programs is evidence of proof of insurance to be used to establish insured status. Any such device can only be considered as evidence of insurance and never as proof, since it merely establishes that insurance was in effect on the date it was issued. Once an insured receives the "evidence", there is nothing to prevent cancellation of the coverage at the insured's request or for nonpayment of premium. Fraudulent or counterfeit documents also pose a problem. The lack of any practical means for determining that insurance is in effect at any specific time is a critical weakness in any compulsory enforcement program. The following approaches for demonstrating evidence of insurance have been utilized:

1. Self-Certification - A signed statement by the registrant that insurance as required by law is in effect and will be maintained throughout the registration period. Insurer's name and policy number should be required. Simple certification or affirmation is sufficient. Notarized statements should be avoided and effective sanctions should be provided for false certification.

Self-certification is more easily administered and is far less costly than other forms of evidence of insurance; therefore, in the absence

of conclusive data showing that another form of evidence is more effective in reducing the uninsured motorist population, self-certification is viewed as the preferable foundation for all enforcement procedures.

2. Identification Cards - ID cards issued by insurers are usually required to provide evidence of insurance for one or more of the following reasons:

- a. Vehicle Registration - The card gives the insured convenient access to the company name and policy number if it is required for self-certification. Some jurisdictions require that the card be submitted with an application for registration. This approach requires issuance of duplicate cards.

Although the ID card may prove useful at the time of an accident, studies of the ratio of UM to BI claim frequency do not establish that ID cards have produced significant reductions in the uninsured population to justify the expense that the department and insurers incur in the production and handling of ID cards.

- b. Random Verification - The card serves the same basic purpose as the above.
- c. On-The-Road Evidence - Many states require that the ID card, policy, or other suitable evidence be carried in the vehicle for presentation on request to a law enforcement officer.

For the most effective use, ID cards should be issued on an uncertified basis with new policies and with each renewal.

Allowance should be made for issuance of the card in conjunction with the policy renewal or billing notice rather than after the renewal premium is received by the company. To do otherwise would result in unavoidable periods of time when the insured would not be in possession of a current card. Penalties should be provided for use of a card when the policy is not in force.

The term "Certificate of Insurance" should be avoided because of legal considerations. "Identification Card" best represents the true nature of the document.

Because ID cards are issued by many companies using various production methods, card specifications should be as broad as possible and consistent with reasonable uniformity.

- d. Recommended card specifications are:

- (1) Cards shall be issued with each new policy and policy renewal or billing notice.

- (2) Size of the card may vary from 3" x 2 1/8" to 5 1/2" x 3 3/4" (standard credit card size is 3 3/8" x 2 1/8").
- (3) The card shall be issued on at least 20 pound white paper stock.
- (4) The card shall contain the description of the insured motor vehicle (year, make/model and vehicle identification number).
- (5) If there are five or more vehicles under common ownership, the word "Fleet" shall be used instead of car description.
- (6) The card shall include the effective date and expiration date.
- (7) The policyholder's name and address shall be shown as it appears on the policy.
- (8) The card may contain the company logo and any additional appropriate information deemed desirable by the insurer.

Any additional required information, such as reference to a statute or description of penalties, serves no useful purpose and results in a cluttered hard to read card. Especially to be avoided is the requirement that information be included that is not normally in a company's computer data based in the form in which it must be used.

A suggested card format is contained in Appendix A.

3. Stickers or Decals - To be provided by mass mailing to all existing policyholders when a new program begins and on all subsequently issued and renewed policies. Stickers have the same deficiencies as ID cards in that the coverage may be canceled after the sticker is placed on the vehicle. Display of a sticker may also be misleading in that the sticker could be fraudulent, may be a duplicate of a legitimate sticker, or may have been placed on the wrong vehicle. Stickers are a nuisance to policyholders and costly to companies. Production and issuance of stickers on a volume basis is technically difficult and expensive.
4. Guaranteed Coverage - Requires that insurance be prepaid for the entire registration period. It is common practice for insurers to issue policies on a six months renewable basis and to provide installment payment plans for the convenience of their customers. Any restriction on these practices is contrary to the public's best interests.

5. Fleets - Any definition of fleets that provides for more than five vehicles should be avoided. Typically, companies apply fleet procedures to any account consisting of five or more vehicles and have procedural problems with any definition involving more units.

#### VERIFICATION OF INSURANCE

Procedures for verifying insurance status are sometimes deemed necessary for enforcement of compulsory insurance programs.

Random Sample Verification - Possibly the most effective follow-up procedure available is random sample verification with a negative response, i.e., the company responds only if the insurance was not in effect. The size of the sample should be left to the discretion of the administrator. Statistically, a 3% to 5% sample has been determined to be representative.

Sampling techniques involving a large number (over 5%) of certifications is costly and does not significantly improve the sampling results. In an effort to focus on problem cases, high volume sampling should be limited to individuals who have previously been found to be in violation of insurance requirements.

The random sample verification procedure is used to verify registration self-certifications, but may also be utilized in connection with accidents, violations, and roadside checks. The policy number, name of insurer, and name of insured should be required.

Programs which require the insured to obtain a special verification form from the insurer for submission to the department are not recommended. These procedures place an extra burden on responsible citizens and provide an opportunity for use of counterfeit or fraudulent certification forms. To control illegal forms, the department should deal directly with the company in any verification program.

Positive Verification - Procedures that require a response from the company on all inquiries do not produce improved results compared to negative verification and are not cost effective since the department must establish follow-up procedures to ensure that responses are received. Positive verification requires a commitment of state resources to track the financially responsible majority when these resources should be concentrated on chronic violators.

#### TERMINATION OF INSURANCE

Requirements that insurers notify the state of all terminations of insurance have been found to be generally unworkable and not cost effective. If notification is deemed necessary, a limited program is recommended.

1. Limited Notice of Termination - Time Frame - Notice should be required only on terminations that occur within 180 days of the coverage inception date. This approach will identify those who attempt to avoid the law by purchasing insurance and canceling it immediately after obtaining the vehicle registration. It is this group that presents the greatest obstacle to effective compulsory insurance enforcement. Procedures should be designed that do not harass the vast majority of the public who intend to comply with the law.
2. Limited Notice of Termination - Effective Date - Insurers should be required to give notice to the state only when a cancellation or termination is firmed up. "Firmed up" means that date after which the policy will not be reinstated to maintain coverage continuously in force. A requirement that the notice be sent to the state within 30 days after the firmed up date is reasonable.

The most troublesome provision is that which requires notices to be filed in advance of or immediately upon the indicated date of termination. Most of these notices are negated by a delayed payment resulting in extra work and public harassment.

3. Limited Notice of Termination - Entire Policy - The notice should be required only when the entire policy is terminated, not when a vehicle is removed from a policy which insures several vehicles. It can reasonably be expected that when one motor vehicle is deleted and the policy remains in effect, that vehicle is no longer in the possession of the policyholder and is, therefore, not of concern to the enforcement agency.

#### AUTOMATED ENFORCEMENT PROGRAMS

The direct interface of data processing systems between insurers and enforcement agencies is not recommended. Systems differ among companies as to equipment, information captured and programming structures. System and data base compatibility would be necessary between insurers and the state but is not currently attainable. Attempts to establish such programs have been costly for the states and industry.

An exchange of information between states and insurers in a uniform format by electronic means may be a viable procedure provided it is optional on the part of the company.

Attached to these Guidelines as Appendix B is a recommended record format for use in reporting terminations on a magnetic tape basis.

Attached to these Guidelines as Appendix C is a suggested record format for use in random verification programs on a magnetic tape basis.

### EVIDENCE OF MAILING

If insurers or administrators are required to show evidence of having mailed any documents required for the administration of a compulsory insurance law, procedures already in use should be recognized on the basis of their own merits. Any required change in currently established mailing procedures should be discouraged as disruptive of court tested procedures.

If some uniform evidence of mailing is to be required, it should be the U.S. Postal Service Certificate of Mailing (P.S. Form 3817.)

Any requirement that certified mail be utilized should be avoided because of the administrative expense and the difficulty of effecting delivery to people who try to avoid such delivery.

### IMPLEMENTATION LEAD TIME

The establishment of new compulsory insurance programs or changes in existing programs should be planned with sufficient implementation lead time to enable the state and insurers to develop the necessary procedures in an orderly manner. Any program that involves data processing and/or special printed forms should provide a preparation period of at least six months to one year after final approval of regulations before it becomes operational. To do otherwise can result in an ineffective, inefficient program that adversely impacts the public to the degree that program integrity is damaged.

### CONCLUSION

Although the number of uninsured motor vehicles in any given state is difficult to measure, the effectiveness of a compulsory insurance law in reducing the uninsured population has been measured in two ways. Studies conducted by the Insurance Research Council, and to which IICMVA has contributed data, compare the ratio of UM to BI claim frequency for those states with compulsory laws versus those states without compulsory laws. As a second measurement, the studies review the UM to BI ratio over time for those states which have changed to a compulsory law in the recent past. The results under both measurements show that the uninsured motorist populations vary greatly from state to state.

The studies show that the presence of a compulsory law does not guarantee a small uninsured motorists population, nor does the type of enforcement activity bear significantly on the effectiveness of the law. It seems clear that the decision to buy insurance is influenced more by the socioeconomic status of the population than by the type of compulsory law or the form of the enforcement procedure. The concepts and procedures described herein have been tried, but none has bettered these findings. It is, therefore, the position of IICMVA that compulsory insurance laws do not reduce the uninsured motor vehicle population to a significant degree.

These Guidelines are not intended to be descriptive of all the ramifications that may be involved in the enforcement of a compulsory law. Appropriate enforcement procedures depend on a variety of factors, some of which may be unique to a particular state. An enforcement program must consider the resources and facilities available to the motor vehicle administrator, as well as the capability of insurance companies to comply. Enforcement procedures should not interfere with the basic business of insurance or with contractual relationships between insurers and their policyholders.

\* \* \* \* \*

The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) consists of representatives from property/casualty trade associations, their affiliated member companies and independent insurance companies. The IICMVA is not a lobbying organization or involved in legislation. Its function is to be the liaison between the Insurance Industry and State Motor Vehicle Departments. The IICMVA advises and assists in implementing laws such as those relating to financial responsibility, compulsory security, driver licensing, motor vehicle records, title, and registration.

The IICMVA maintains a standing offer to motor vehicle administrators to assist in the development of procedures for new programs and in making adjustments to existing programs. The names, addresses, and telephone numbers of IICMVA members are listed in the AAMVA Directory.

Revised August, 1994

SUGGESTED FORMAT FOR INSURANCE ID CARD

STATE AUTOMOBILE INSURANCE IDENTIFICATION CARD	
_____ INSURANCE COMPANY	
The coverage provided by this policy meets the minimum liability limits prescribed by law.*	
INSURED	
POLICY NUMBER	
EFFECTIVE DATE	EXPIRATION DATE
VEHICLE DESCRIPTION	
YEAR	VEHICLE IDENTIFICATION NO.
MAKE/MODEL	
STATE LAW REQUIRES ID CARD BE CARRIED IN THE VEHICLE AT ALL TIMES*	

NOTE: Size of the card may vary from "3 x 2 1/8" to "5 1/2 x 3 3/4" (standard credit card size is "3 3/8 x 2 1/8").

The card shall be issued on at least 20 pound white paper stock.

(\*) Statement varies depending upon requirements of the law.

TERMINATION REPORTING PROGRAM

RECORD FORMAT

	<u>FROM</u>	<u>TO</u>
Vehicle Identification Number	1	25
Year of Vehicle (last 2)	26	27
Make or Model of Vehicle	28	32
Insurance Company Code	33	35
Name of Insured	36	75
Street	76	95
City, State	96	113
Zip Code	114	122
Date of Birth (optional)	123	128
Sex (optional)	129	129
Policy Number	130	159
Termination Date	160	165
Return Code	166	168
Filler	169	200

TECHNICAL DETAILS

1. Minimum six (6) months lead time for implementation of a tape-to-tape filing requirement.
2. Filings should be required within 30 days of "firmed-up" cancellation date. "Firmed-up" means the date after which coverage cannot be reinstated without a lapse in coverage.
3. Apply justification of fields consistently. Either right justify or left justify all fields, do not mix.
4. Internal tape labels should use IBM STD format.
5. External tape labels and Data Set names should be specified by DMV.

## TERMINATION RECRUITING PROGRAM

### DATA FIELD REQUIREMENTS

1. Vehicle Identification Number      Entered without any modification.
2. Year of Vehicle                      Last two digits of designated year.
3. Make of Vehicle                      First five positions of manufacturer of complete name if less than 5 positions.
4. Insurance Company Code              Three numeric positions. Use current code assigned by DMV (or the NAIC Code if no DMV Code).
5. Name of Insured                      Forty positions. Use: LAST-NAME, FIRST-NAME, MIDDLE-INITIAL (with no punctuation and a single space between each entry)
6. Street                                  Twenty positions.
7. City, State                              Eighteen positions. Two fixed fields. Must be entered in specified positions.
8. Zip Code                                This field includes four additional positions which can be utilized in the event of a nine position zip code.
9. Date of Birth                          Six positions. MMDDYY.
10. Sex                                      M-Male, F-Female, C-Corporation.
11. Policy Number                        We have allowed for thirty digits which should be sufficient for all insurers.
12. Termination Date                    Six positions. MMDDYY.
13. Return Code                          If the insurer desires that the tape be returned, the same insurance company code as shown in field number four should be repeated.
14. Filler                                  Additional positions which can be utilized if necessary.

VOLUNTARY RANDOM VERIFICATION PROGRAM

For companies that have agreed to the Voluntary Random Verification Program the state will submit, preferably quarterly and not more often than monthly, a tape of policies randomly selected for insurance verification. There are several types of criteria that could be used, however, based on experience in several states with a manual random selection verification system, policy number, and vehicle information is sufficient.

The tape will contain a formatted fixed length record for each policy and contain information such as the following:

- o Department control number
- o Policy number (which includes company location indicator\*)
- o VIN (17 Positions)
- o Year vehicle (2 positions)
- o Make/Model vehicle (8 positions)
- o Blank (insert N - No-hit if no match or policy is not in force)
- o Processing date (as MMDDYY)

Upon receipt of the tape the company will run the tape against its data base and check by:

- o Policy number (no-hit check no further, insert N for no insurance in proper position).
- o VIN (if match go to status check, if no match go on to year and make of vehicle)
- o Year and make of vehicle (no match on year and/or make and VIN, insert N for no insurance in proper position; if match on VIN but not on year and/or make, or vice versa treat as a match).

(If above checks match — then)

- o Check current status (processing date the insurance company runs the tape) and if live status go to the next record. If cancelled or terminated status, insert the N for no-hit and go to the next record.

Upon completion of the record check the same tape is then sent back to the originator no later than 15 days from receipt of the tape.

\* Some companies have multiple offices servicing different territories within the same state.

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June 19, 1996

Richard D. Holcomb  
Commissioner  
Virginia Department of Motor Vehicles  
P.O. Box 27412  
Richmond, VA 23269-0001

Re: Position of Nationwide Insurance on Compulsory  
Insurance

Dear Mr. Holcomb:

The issue of compulsory insurance has recently come up in our discussions of implementing the insurance monitoring law which will become effective January 1, 1997. At the last meeting of insurance company representatives with DMV officials, several of us were asked our opinion regarding compulsory insurance laws and to provide a written position statement. The purpose of this letter is to provide you with that statement on behalf of Nationwide Mutual Insurance Company.

The question of whether automobile liability insurance coverage should be mandated by law is periodically the subject of public policy debate here in Virginia as it has been in nearly every state in the country. Although statistics generally prove that a very high percentage of citizens in Virginia voluntarily purchase insurance, there always have been and there always will be a comparatively small percentage of drivers who operate automobiles without liability insurance coverage. Concern over the accidents caused by these uninsured motorists has prompted almost every state in the country to enact legislation mandating insurance coverage. These compulsory auto insurance laws usually require either the policy holder or the insurer to present proof of insurance coverage to an appropriate state official. When this obligation is imposed on insurance companies, the requirement can involve substantial costs for record keeping and notification, which obviously leads to increased insurance costs for citizens.

Under any cost/benefit analysis, there is simply no benefit associated with compulsory automobile insurance laws. For that reason, Nationwide Insurance opposes compulsory

P. Kitchener

JUN 20 1996

June 19, 1996

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automobile insurance legislation. This legislation may be theoretically appealing, but experience indicates that it simply does not eliminate the uninsured motorist from the highways.

The day after someone "proves" that they have insurance in force and effect, they can cancel it and go uninsured until the next time that they have to offer proof of their insurance. Consequently, enforcement of compulsory insurance laws has proven to be ineffective to catch the irresponsible motorist and at the same time a nuisance to the financially responsible operators who do prove their insurance coverage and keep it in force.

Compulsory insurance laws do not provide protection against out of state uninsured drivers, hit and run drivers, uninsured drivers whose licenses or registrations have been suspended, or drivers whose insurance has lapsed and who have not yet been discovered by motor vehicle administration personnel. The two most effective means of protecting responsible drivers from the financial consequences from being involved with uninsured motorists, are increasing the limits on uninsured motorist coverage and underinsured motorist protection, and setting responsible limits for minimum financial responsibility laws. Current Virginia law addresses the first of these means by making an insured's uninsured motorist protection equal to his liability protection, unless the insured affirmatively opts to purchase less insurance to protect himself against the uninsured motorist. Virginia has addressed the second means by already having the third highest minimum financial responsibility limits in the country.

When you combine the latter two actions taken by the Virginia General Assembly with the new insurance monitoring effort which will become effective January 1, 1997, it is hoped and felt that the Virginia system for monitoring uninsured motorists will be the best in the country and a model for other states to follow.

Several states are looking at creative ways to combat the problem of uninsured motorists. Twelve states have now considered legislation barring uninsured drivers involved in motor vehicle accidents from being able to recover their non-economic damages, i.e. for pain and suffering. These bills have been nicknamed "no pay, no play" and act as both an inducement to purchase insurance and a penalty for not doing so. A Michigan law will go into effect in October 1996 to prevent uninsured drivers who are 50% or more at fault from collecting their non-economic damages in the event of an

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automobile accident. A ballot initiative to this effect is also pending in California.

I would be happy to answer any additional questions you may have on this subject.

With best regards, I remain

Very truly yours,



J. Christopher LaGow

JCL/jlm

cc: Alan Bronson Smith

# **APPENDIX B**

# VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

## CHAPTER 489

An Act to amend and reenact §§ 46.2-364, 46.2-706, 46.2-706.1 and 46.2-707 of the Code of Virginia, relating to motor vehicle insurance; penalty.

[H 524]

Approved April 1, 1996

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-364, 46.2-706, 46.2-706.1 and 46.2-707 of the Code of Virginia are amended and reenacted as follows:

§ 46.2-364. Definitions.

For the purposes of this ~~article~~ chapter, unless a different meaning is clearly required by the context:

"Conviction" means conviction on a plea of guilty or the determination of guilt by a jury or by a court though no sentence has been imposed or, if imposed, has been suspended and includes a forfeiture of bail or collateral deposited to secure appearance in court of the defendant unless the forfeiture has been vacated. In any case of a charge, the conviction of which requires or authorizes the Commissioner to suspend or revoke the license of the defendant:

"Insured" means the person in whose name a motor vehicle liability policy has been issued, as defined in this section, and any other person insured under its terms:

"Judgment" means any judgment for \$200 or more arising out of a motor vehicle accident because of injury to or destruction of property, including loss of its use, or any judgment for damages, including damages for care and loss of services, because of bodily injury to or death of any person arising out of the ownership, use or operation of any motor vehicle, including any judgment for contribution between joint tort-feasors arising out of any motor vehicle accident which occurred within the Commonwealth, except a judgment rendered against the Commonwealth, which has become final by expiration without appeal in the time within which an appeal might be perfected or by final affirmance on appeal rendered by a court of competent jurisdiction of the Commonwealth or any other state or court of the United States or Canada or its provinces:

"Motor vehicle" means every vehicle which is self-propelled or designed for self-propulsion and every vehicle drawn by or designed to be drawn by a motor vehicle and includes every device in, on or by which any person or property is or can be transported or drawn on a highway, except devices moved by human or animal power and devices used exclusively on rails or tracks, and vehicles used in the Commonwealth but not required to be licensed by the Commonwealth:

"Motor vehicle liability policy" means an owner's or a driver's policy of liability insurance certified, as provided in this ~~article~~ chapter, by an insurance carrier licensed to do business in the Commonwealth or by an insurance carrier not licensed to do business in the Commonwealth on compliance with the provisions of this ~~article~~ chapter, as proof of financial responsibility.

§ 46.2-706. Additional fee; proof of insurance required of applicants for registration of insured motor vehicles; verification of insurance; suspension of driver's license, registration certificates, and license plates for certain violations.

In addition to any other fees prescribed by law, every person registering an uninsured motor vehicle, as defined in § 46.2-705, at the time of registering or reregistering the uninsured vehicle, shall pay a fee of \$400; however, if the uninsured motor vehicle is ~~being a motor vehicle or semitrailer~~ registered or reregistered as provided in subsection B of § 46.2-646, the fee shall be ~~one-twelfth~~ ~~of~~ for a period of less than a full year, the ~~annual~~ uninsured motor vehicle fee for each ~~month~~ shall be prorated for the unexpired portion of the registration period. If the vehicle is a motor vehicle being registered or reregistered as provided in subsection B of § 46.2-697, the fee shall be one-fourth of the annual uninsured motor vehicle fee for each quarter for which the vehicle is registered.

If the owner of a motor vehicle registered under this article as an uninsured motor vehicle, during the period for which such vehicle is registered, obtains insurance coverage adequate to permit such vehicle's registration as an insured motor vehicle and presents evidence satisfactory to the

Commissioner of the existence of such insurance coverage, the Commissioner shall amend the Department's records to show such vehicle to be registered as an insured motor vehicle and shall refund to the owner a prorated portion of the additional fee required by this section for registration of an uninsured motor vehicle. Such proration shall be on a monthly basis, except that no such refund shall be made (i) as to any registration during the last three months of its validity or (ii) on any portion of any such fee required to be paid resulting from a determination by the Department or any court that a vehicle was uninsured and no fee had been paid.

Every person applying for registration of a motor vehicle and declaring it to be an insured motor vehicle shall, under the penalties set forth in § 46.2-707, execute and furnish to the Commissioner his certificate that the motor vehicle is an insured motor vehicle as defined in § 46.2-705, or that the Commissioner has issued to its owner, in accordance with § 46.2-368, a certificate of self-insurance applicable to the vehicle sought to be registered. The Commissioner, or his duly authorized agent, may require any registered owner of a motor vehicle declared to be insured or any applicant for registration of a motor vehicle to be an insured motor vehicle to submit a certificate of insurance on a form prescribed by the Commissioner. The Commissioner shall forward the certificate of insurance or bond to the insurance company or surety company, whichever is applicable, for verification as to whether the policy or bond named in the certificate is currently in force. At that time and not later than thirty days following receipt of the certificate of insurance, the insurance company or surety company shall cause to be filed with the Commissioner a written notice if the policy or bond was not applicable as to the named insured. The Commissioner shall prescribe the manner in which the written notice shall be made verify that the motor vehicle is properly insured by comparing owner and vehicle identification information on file at the Department of Motor Vehicles with liability information on the owner and vehicle transmitted to the Department by any insurance company licensed to do business in the Commonwealth as provided in § 46.2-706.1. If no record of liability insurance is found, the Department may require the motor vehicle owner to verify insurance in a method prescribed by the Commissioner.

The refusal or neglect of any owner within thirty days to submit the certificate of liability insurance information when required by the Commissioner or his duly authorized agent, or the electronic notification by the insurance company or surety company that the policy or bond named in the certificate of insurance is not in effect, shall require the Commissioner to suspend any driver's license and all registration certificates and license plates issued to the owner of the motor vehicle until the person (i) has paid to the Commissioner a fee of \$400 to be disposed of as provided for in § 46.2-710 with respect to the motor vehicle determined to be uninsured and (ii) furnishes proof of financial responsibility for the future in the manner prescribed in Article 15 (§ 46.2-435 et seq.) of Chapter 3 of this title. No order of suspension required by this section shall become effective until the Commissioner has offered the person an opportunity for an administrative hearing to show cause why the order should not be enforced. Notice of the opportunity for an administrative hearing may be included in the order of suspension. When three years have elapsed from the effective date of the suspension required in this section, the Commissioner may relieve the person of the requirement of furnishing proof of future financial responsibility.

If the Commissioner determines that the fee applicable to the registration of an uninsured motor vehicle has been paid on the vehicle in question on or before the date that the insurance certificate was requested, no suspension action shall be taken.

The Commissioner shall suspend the driver's license and all registration certificates and license plates of any person on receiving a record of his conviction of a violation of any provisions of § 46.2-707, but the Commissioner shall dispense with the suspension when the person is convicted for a violation of § 46.2-707 and the Department's records show conclusively that the motor vehicle was insured or that the fee applicable to the registration of an uninsured motor vehicle has been paid by the owner prior to the date and time of the alleged offense.

§ 46.2-706.1. Insurance and surety companies to furnish certain insurance information.

The Commissioner may, on or before January 1, 1995, promulgate regulations prescribing the manner in which motor vehicle liability insurance information is reported to the Department by insurance and surety companies licensed to do business in the Commonwealth, or their representatives. Any liability insurance information relating to individually identified vehicles or

persons, received from such companies under this section, shall be considered privileged information and not subject to the Virginia Freedom of Information Act (§ 2.1-340 et seq.).

Such information shall be used in conjunction with information supplied under § 46.2-706 to verify insurance for motor vehicles certified by their owners to be insured.

*Insurance companies licensed to do business in Virginia shall provide to the Department monthly electronic updates of insured information and vehicle descriptions required by the Commissioner when they (i) cancel liability insurance for vehicles registered in Virginia, (ii) add liability insurance for vehicles registered in Virginia, or (iii) provide liability insurance for vehicles registered in Virginia newly satisfying financial responsibility requirements. Insurance companies having less than 1,000 policies may report the information manually or electronically.*

§ 46.2-707. Operating uninsured motor vehicle without payment of fee; verification of insurance; false evidence of insurance.

Any person who owns an uninsured motor vehicle (i) licensed in the Commonwealth, (ii) subject to registration in the Commonwealth, or (iii) displaying temporary license plates provided for in § 46.2-1558 who operates or permits the operation of that motor vehicle without first having paid to the Commissioner the uninsured motor vehicle fee required by § 46.2-706, to be disposed of as provided by § 46.2-710, shall be guilty of a Class 3 misdemeanor.

Any person who is the operator of such an uninsured motor vehicle and not the titled owner, who knows that the required fee has not been paid to the Commissioner, shall be guilty of a Class 3 misdemeanor.

The Commissioner or his duly authorized agent, having reason to believe that a motor vehicle is being operated or has been operated on any specified date, may require the owner of such motor vehicle to ~~submit the certificate of insurance~~ *verify insurance in a method prescribed by the Commissioner as provided for by § 46.2-706.* The refusal or neglect of the owner who has not, prior to the date of operation, paid the uninsured motor vehicle fee required by § 46.2-706 as to such motor vehicle, to ~~furnish such certificate~~ *provide such verification* shall be prima facie evidence that the motor vehicle was an uninsured motor vehicle at the time of such operation.

Any person who ~~presents or causes to be presented~~ *falsely verifies insurance* to the Commissioner a ~~false certificate that a motor vehicle is an insured motor vehicle~~ or gives false evidence that a motor vehicle sought to be registered is an insured motor vehicle, shall be guilty of a Class 3 misdemeanor.

However, the foregoing portions of this section shall not be applicable if it is established that the owner had good cause to believe and did believe that such motor vehicle was an insured motor vehicle, in which event the provisions of § 46.2-609 shall be applicable.

*Any person who owns an uninsured motor vehicle (i) licensed in the Commonwealth, (ii) subject to registration in the Commonwealth, or (iii) displaying temporary license plates provided for in § 46.2-1558, and who has not paid the uninsured motor vehicle fee required by § 46.2-706, shall immediately surrender the vehicle's license plates to the Department. Any person who fails to immediately surrender his vehicle's license plates shall be guilty of a Class 3 misdemeanor.*

Abstracts of records of conviction, as defined in this title, of any violation of any of the provisions of this section shall be forwarded to the Commissioner as prescribed by § 46.2-383.

The Commissioner shall suspend the driver's license and all registration certificates and license plates of any titled owner of an uninsured motor vehicle upon receiving a record of his conviction of a violation of any provisions of this section, and he shall not thereafter reissue the driver's license and the registration certificates and license plates issued in the name of such person until such person pays the fee applicable to the registration of an uninsured motor vehicle as prescribed in § 46.2-706 and furnishes proof of future financial responsibility as prescribed by Article 15 (§ 46.2-435 et seq.) of Chapter 3 of this title. However, when three years have elapsed from the date of the suspension herein required, the Commissioner may relieve such person of the requirement of furnishing proof of future financial responsibility. When such suspension results from a conviction for presenting or causing to be presented to the Commissioner a ~~false certificate~~ *verification* as to whether a motor vehicle is an insured motor vehicle or false evidence that any motor vehicle sought to be registered is insured, then the Commissioner shall not thereafter reissue the driver's license and the registration certificates and license plates issued in the name of such person so convicted for a period of 180 days from the date of such order of suspension, and only then when all other provisions of law have been

omplied with by such person.

The Commissioner shall suspend the driver's license of any person who is the operator but not the titled owner of a motor vehicle upon receiving a record of his conviction of a violation of any provisions of this section and he shall not thereafter reissue the driver's license until thirty days from the date of such order of suspension.

2. That the provisions of this act shall become effective on January 1, 1997.

HJ189 STUDY: MOTOR VEHICLE AND INSURANCE MATTERS.

961274386

HOUSE JOINT RESOLUTION NO. 189  
OFFERED JANUARY 22, 1996

ESTABLISHING A JOINT SUBCOMMITTEE TO STUDY CERTAIN MATTERS RELATING TO MOTOR VEHICLES.

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PATRON-- O'BRIEN  
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REFERRED TO COMMITTEE ON RULES  
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WHEREAS, THE ABILITY TO TRAVEL FREELY AND CONVENIENTLY IS A KEY COMPONENT OF THE QUALITY OF LIFE THROUGHOUT THE UNITED STATES; AND

WHEREAS, IN VIRGINIA, AS IN THE REST OF THE NATION, THE USE OF MOTOR VEHICLES, PARTICULARLY PASSENGER CARS, IS AN ESSENTIAL INGREDIENT IN THIS ABILITY TO TRAVEL; AND

WHEREAS, THE LARGE VOLUME OF MOTOR VEHICLES ON THE HIGHWAYS AND THE IMPORTANCE OF MOTOR VEHICLES IN OUR DAILY LIVES UNDERSCORES THE NEED FOR UNIFORM MOTOR VEHICLE LAWS AND THEIR UNIFORM ENFORCEMENT; ADEQUATE, FAIR, AND AFFORDABLE AUTOMOBILE INSURANCE; AND AN OPEN AND HONEST MARKETPLACE FOR THE PURCHASE AND SALE OF MOTOR VEHICLES; NOW, THEREFORE, BE IT

RESOLVED BY THE HOUSE OF DELEGATES THE SENATE CONCURRING, THAT THERE BE HEREBY ESTABLISHED A JOINT SUBCOMMITTEE TO STUDY (I) THE ADEQUACY AND UNIFORM ENFORCEMENT OF VIRGINIA'S MOTOR VEHICLE LAWS THROUGHOUT THE COMMONWEALTH; (II) THE DESIRABILITY AND FEASIBILITY OF REQUIRING ALL VIRGINIA-LICENSED DRIVERS TO CARRY LIABILITY INSURANCE; (III) INSURANCE COMPANIES' PRACTICE OF DISCONTINUING COVERAGE OF POLICY HOLDERS INVOLVED IN ACCIDENTS, EVEN WHEN THE POLICY HOLDERS ARE NOT AT FAULT; AND (IV) THE DESIRABILITY AND FEASIBILITY OF AMENDING VIRGINIA'S LAWS PERTAINING TO MOTOR VEHICLE DEALERS TO ALLOW UNLICENSED INDIVIDUALS TO NEGOTIATE THE PURCHASE OF MOTOR VEHICLES FROM DEALERS ON BEHALF OF THIRD PARTIES.

THE JOINT SUBCOMMITTEE SHALL CONSIST OF FOUR MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED BY THE SPEAKER OF THE HOUSE, AND THREE MEMBERS OF THE SENATE, APPOINTED BY THE SENATE COMMITTEE ON PRIVILEGES AND ELECTIONS.

THE DIRECT COSTS OF THIS STUDY SHALL NOT EXCEED \$ 7,350.

THE JOINT SUBCOMMITTEE SHALL COMPLETE ITS WORK IN TIME TO SUBMIT ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND THE 1997 SESSION OF THE GENERAL ASSEMBLY AS PROVIDED IN THE PROCEDURES OF THE DIVISION OF LEGISLATIVE AUTOMATED SYSTEMS FOR PROCESSING LEGISLATIVE DOCUMENTS.

IMPLEMENTATION OF THIS RESOLUTION IS SUBJECT TO SUBSEQUENT APPROVAL AND CERTIFICATION BY THE JOINT RULES COMMITTEE. THE COMMITTEE MAY WITHHOLD EXPENDITURES OR DELAY THE PERIOD FOR THE CONDUCT OF THE STUDY.

SB554 MOTOR VEHICLE INSURANCE.

966803819

SENATE BILL NO. 554  
OFFERED JANUARY 22, 1996

A BILL TO AMEND AND REENACT §§ 46.2-364, 46.2-706, 46.2-706.1 AND 46.2-707 OF THE CODE OF VIRGINIA, RELATING TO MOTOR VEHICLE INSURANCE; PENALTY.

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PATRONS-- QUAYLE, BARRY, REASOR, STOLLE, STOSCH, TRUMBO, WADDELL AND WILLIAMS  
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REFERRED TO THE COMMITTEE ON TRANSPORTATION  
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BE IT ENACTED BY THE GENERAL ASSEMBLY OF VIRGINIA:  
1. THAT §§ 46.2-364, 46.2-706, 46.2-706.1 AND 46.2-707 OF THE CODE OF VIRGINIA ARE AMENDED AND REENACTED AS FOLLOWS:

1. 46.2-364. DEFINITIONS.

FOR THE PURPOSES OF THIS ARTICLE CHAPTER, UNLESS A DIFFERENT MEANING IS CLEARLY REQUIRED BY THE CONTEXT:

"CONVICTION" MEANS CONVICTION ON A PLEA OF GUILTY OR THE DETERMINATION OF GUILT BY A JURY OR BY A COURT THOUGH NO SENTENCE HAS BEEN IMPOSED OR, IF IMPOSED, HAS BEEN SUSPENDED AND INCLUDES A FORFEITURE OF BAIL OR COLLATERAL DEPOSITED TO SECURE APPEARANCE IN COURT OF THE DEFENDANT UNLESS THE FORFEITURE HAS BEEN VACATED. IN ANY CASE OF A CHARGE, THE CONVICTION OF WHICH REQUIRES OR AUTHORIZES THE COMMISSIONER TO SUSPEND OR REVOKE THE LICENSE OF THE DEFENDANT;

"INSURED" MEANS THE PERSON IN WHOSE NAME A MOTOR VEHICLE LIABILITY POLICY HAS BEEN ISSUED, AS DEFINED IN THIS SECTION, AND ANY OTHER PERSON INSURED UNDER ITS TERMS;

"JUDGMENT" MEANS ANY JUDGMENT FOR \$200 OR MORE ARISING OUT OF A MOTOR VEHICLE ACCIDENT BECAUSE OF INJURY TO OR DESTRUCTION OF PROPERTY, INCLUDING LOSS OF ITS USE, OR ANY JUDGMENT FOR DAMAGES, INCLUDING DAMAGES FOR CARE AND LOSS OF SERVICES, BECAUSE OF BODILY INJURY TO OR DEATH OF ANY PERSON ARISING OUT OF THE OWNERSHIP, USE OR OPERATION OF ANY MOTOR VEHICLE, INCLUDING ANY JUDGMENT FOR CONTRIBUTION BETWEEN JOINT TORT-FEASORS ARISING OUT OF ANY MOTOR VEHICLE ACCIDENT WHICH OCCURRED WITHIN THE COMMONWEALTH, EXCEPT A JUDGMENT RENDERED AGAINST THE COMMONWEALTH, WHICH HAS BECOME FINAL BY EXPIRATION WITHOUT APPEAL IN THE TIME WITHIN WHICH AN APPEAL MIGHT BE PERFECTED OR BY FINAL AFFIRMANCE ON APPEAL RENDERED BY A COURT OF COMPETENT JURISDICTION OF THE COMMONWEALTH OR ANY OTHER STATE OR COURT OF THE UNITED STATES OR CANADA OR ITS PROVINCES;

"MOTOR VEHICLE" MEANS EVERY VEHICLE WHICH IS SELF-PROPELLED OR DESIGNED FOR SELF-PROPULSION AND EVERY VEHICLE DRAWN BY OR DESIGNED TO BE DRAWN BY A MOTOR VEHICLE AND INCLUDES EVERY DEVICE IN, ON OR BY WHICH ANY PERSON OR PROPERTY IS OR CAN BE TRANSPORTED OR DRAWN ON A HIGHWAY, EXCEPT DEVICES MOVED BY HUMAN OR ANIMAL POWER AND DEVICES USED EXCLUSIVELY ON RAILS OR TRACKS, AND VEHICLES USED IN THE COMMONWEALTH BUT NOT REQUIRED TO BE LICENSED BY THE COMMONWEALTH;

"MOTOR VEHICLE LIABILITY POLICY" MEANS AN OWNER'S OR A DRIVER'S POLICY OF LIABILITY INSURANCE CERTIFIED, AS PROVIDED IN THIS-ARTICLE CHAPTER, BY AN INSURANCE CARRIER LICENSED TO DO BUSINESS IN THE COMMONWEALTH OR BY AN INSURANCE CARRIER NOT LICENSED TO DO BUSINESS IN THE COMMONWEALTH ON COMPLIANCE WITH THE PROVISIONS OF THIS-ARTICLE CHAPTER, AS PROOF OF FINANCIAL RESPONSIBILITY.

1 46.2-706. ADDITIONAL FEE; PROOF OF INSURANCE REQUIRED OF APPLICANTS FOR REGISTRATION OF INSURED MOTOR VEHICLES; VERIFICATION OF INSURANCE; SUSPENSION OF DRIVER'S LICENSE, REGISTRATION CERTIFICATES, AND LICENSE PLATES FOR CERTAIN VIOLATIONS.

IN ADDITION TO ANY OTHER FEES PRESCRIBED BY LAW, EVERY PERSON REGISTERING AN UNINSURED MOTOR VEHICLE, AS DEFINED IN 1 46.2-705, AT THE TIME OF REGISTERING OR REREGISTERING THE UNINSURED VEHICLE, SHALL PAY A FEE OF \$400; HOWEVER, IF THE UNINSURED MOTOR VEHICLE ~~IS A MOTOR VEHICLE OR TRAILER REGISTERED OR REREGISTERED AS PROVIDED IN SUBSECTION B OF 1 46.2-646~~ THE FEE SHALL BE ONE-TWELFTH OF THE ANNUAL UNINSURED MOTOR VEHICLE FEE FOR EACH MONTH OF THE REGISTRATION PERIOD IS BEING REGISTERED OR REREGISTERED FOR A PERIOD OF LESS THAN A FULL YEAR, THE UNINSURED MOTOR VEHICLE FEE SHALL BE PRORATED FOR THE UNEXPIRED PORTION OF THE REGISTRATION PERIOD. IF THE VEHICLE IS A MOTOR VEHICLE BEING REGISTERED OR REREGISTERED AS PROVIDED IN SUBSECTION B OF 1 46.2-697, THE FEE SHALL BE ONE-FOURTH OF THE ANNUAL UNINSURED MOTOR VEHICLE FEE FOR EACH QUARTER FOR WHICH THE VEHICLE IS REGISTERED.

IF THE OWNER OF A MOTOR VEHICLE REGISTERED UNDER THIS ARTICLE AS AN UNINSURED MOTOR VEHICLE, DURING THE PERIOD FOR WHICH SUCH VEHICLE IS REGISTERED, OBTAINS INSURANCE COVERAGE ADEQUATE TO PERMIT SUCH VEHICLE'S REGISTRATION AS AN INSURED MOTOR VEHICLE AND PRESENTS EVIDENCE SATISFACTORY TO THE COMMISSIONER OF THE EXISTENCE OF SUCH INSURANCE COVERAGE, THE COMMISSIONER SHALL AMEND THE DEPARTMENT'S RECORDS TO SHOW SUCH VEHICLE TO BE REGISTERED AS AN INSURED MOTOR VEHICLE AND SHALL REFUND TO THE OWNER A PRORATED PORTION OF THE ADDITIONAL FEE REQUIRED BY THIS SECTION FOR REGISTRATION OF AN UNINSURED MOTOR VEHICLE. SUCH PRORATION SHALL BE ON A MONTHLY BASIS, EXCEPT THAT NO SUCH REFUND SHALL BE MADE (I) AS TO ANY REGISTRATION DURING THE LAST THREE MONTHS OF ITS VALIDITY OR (II) ON ANY PORTION OF ANY SUCH FEE REQUIRED TO BE PAID RESULTING FROM A DETERMINATION BY THE DEPARTMENT OR ANY COURT THAT A VEHICLE WAS UNINSURED AND NO FEE HAD BEEN PAID.

EVERY PERSON APPLYING FOR REGISTRATION OF A MOTOR VEHICLE AND DECLARING TO BE AN INSURED MOTOR VEHICLE SHALL, UNDER THE PENALTIES SET FORTH IN 1 46.2-707, EXECUTE AND FURNISH TO THE COMMISSIONER HIS CERTIFICATE THAT THE

MOTOR VEHICLE IS AN INSURED MOTOR VEHICLE AS DEFINED IN § 46.2-705, OR THAT THE COMMISSIONER HAS ISSUED TO ITS OWNER, IN ACCORDANCE WITH § 46.2-368, A CERTIFICATE OF SELF-INSURANCE APPLICABLE TO THE VEHICLE SOUGHT TO BE REGISTERED. THE COMMISSIONER, OR HIS DULY AUTHORIZED AGENT, MAY REQUIRE ANY REGISTERED OWNER OF A MOTOR VEHICLE DECLARED TO BE INSURED OR ANY APPLICANT FOR REGISTRATION OF A MOTOR VEHICLE TO BE AN INSURED MOTOR VEHICLE TO SUBMIT A CERTIFICATE OF INSURANCE ON A FORM PRESCRIBED BY THE COMMISSIONER. THE COMMISSIONER SHALL FORWARD THE CERTIFICATE OF INSURANCE OR BOND TO THE INSURANCE COMPANY OR SURETY COMPANY, WHICHEVER IS APPLICABLE, FOR VERIFICATION AS TO WHETHER THE POLICY OR BOND NAMED IN THE CERTIFICATE IS CURRENTLY IN FORCE. AT THAT TIME AND NOT LATER THAN THIRTY DAYS FOLLOWING RECEIPT OF THE CERTIFICATE OF INSURANCE, THE INSURANCE COMPANY OR SURETY COMPANY SHALL CAUSE TO BE FILED WITH THE COMMISSIONER A WRITTEN NOTICE IF THE POLICY OR BOND WAS NOT APPLICABLE AS TO THE NAMED INSURED. THE COMMISSIONER SHALL PRESCRIBE THE MANNER IN WHICH THE WRITTEN NOTICE SHALL BE MADE TO VERIFY THAT THE MOTOR VEHICLE IS PROPERLY INSURED BY COMPARING OWNER AND VEHICLE IDENTIFICATION INFORMATION ON FILE AT THE DEPARTMENT OF MOTOR VEHICLES WITH LIABILITY INFORMATION ON THE OWNER AND VEHICLE TRANSMITTED TO THE DEPARTMENT BY ANY INSURANCE COMPANY LICENSED TO DO BUSINESS IN THE COMMONWEALTH AS PROVIDED IN § 46.2-706.1. IF NO RECORD OF LIABILITY INSURANCE IS FOUND, THE DEPARTMENT MAY REQUIRE THE MOTOR VEHICLE OWNER TO VERIFY INSURANCE IN A METHOD PRESCRIBED BY THE COMMISSIONER.

THE REFUSAL OR NEGLECT OF ANY OWNER WITHIN THIRTY DAYS TO SUBMIT THE CERTIFICATE OF LIABILITY INSURANCE INFORMATION WHEN REQUIRED BY THE COMMISSIONER OR HIS DULY AUTHORIZED AGENT, OR THE ELECTRONIC NOTIFICATION BY THE INSURANCE COMPANY OR SURETY COMPANY THAT THE POLICY OR BOND NAMED IN THE CERTIFICATE OF INSURANCE IS NOT IN EFFECT, SHALL REQUIRE THE COMMISSIONER TO SUSPEND ANY DRIVER'S LICENSE AND ALL REGISTRATION CERTIFICATES AND LICENSE PLATES ISSUED TO THE OWNER OF THE MOTOR VEHICLE UNTIL THE PERSON (I) HAS PAID TO THE COMMISSIONER A FEE OF \$400 TO BE DISPOSED OF AS PROVIDED FOR IN § 46.2-710 WITH RESPECT TO THE MOTOR VEHICLE DETERMINED TO BE UNINSURED AND (II) FURNISHES PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE IN THE MANNER PRESCRIBED IN ARTICLE 15 (§ 46.2-435 ET SEQ.) OF CHAPTER 3 OF THIS TITLE. NO ORDER OF SUSPENSION REQUIRED BY THIS SECTION SHALL BECOME EFFECTIVE UNTIL THE COMMISSIONER HAS OFFERED THE PERSON AN OPPORTUNITY FOR AN ADMINISTRATIVE HEARING TO SHOW CAUSE WHY THE ORDER SHOULD NOT BE ENFORCED. NOTICE OF THE OPPORTUNITY FOR AN ADMINISTRATIVE HEARING MAY BE INCLUDED IN THE ORDER OF SUSPENSION. WHEN THREE YEARS HAVE ELAPSED FROM THE EFFECTIVE DATE OF THE SUSPENSION REQUIRED IN THIS SECTION, THE COMMISSIONER MAY RELIEVE THE PERSON OF THE REQUIREMENT OF FURNISHING PROOF OF FUTURE FINANCIAL RESPONSIBILITY.

IF THE COMMISSIONER DETERMINES THAT THE FEE APPLICABLE TO THE REGISTRATION OF AN UNINSURED MOTOR VEHICLE HAS BEEN PAID ON THE VEHICLE IN QUESTION ON OR BEFORE THE DATE THAT THE INSURANCE CERTIFICATE WAS REQUESTED, NO SUSPENSION ACTION SHALL BE TAKEN.

THE COMMISSIONER SHALL SUSPEND THE DRIVER'S LICENSE AND ALL REGISTRATION CERTIFICATES AND LICENSE PLATES OF ANY PERSON ON RECEIVING A RECORD OF HIS CONVICTION OF A VIOLATION OF ANY PROVISIONS OF § 46.2-707, BUT THE COMMISSIONER SHALL DISPENSE WITH THE SUSPENSION WHEN THE PERSON IS CONVICTED FOR A VIOLATION OF § 46.2-707 AND THE DEPARTMENT'S RECORDS SHOW CONCLUSIVELY

THAT THE MOTOR VEHICLE WAS INSURED OR THAT THE FEE APPLICABLE TO THE REGISTRATION OF AN UNINSURED MOTOR VEHICLE HAS BEEN PAID BY THE OWNER PRIOR TO THE DATE AND TIME OF THE ALLEGED OFFENSE.

1 46.2-706.1. INSURANCE AND SURETY COMPANIES TO FURNISH CERTAIN INSURANCE INFORMATION.

~~THE COMMISSIONER MAY, ON OR BEFORE JANUARY 4, 1995, PROMULGATE REGULATIONS PRESCRIBING THE MANNER IN WHICH MOTOR VEHICLE LIABILITY INSURANCE INFORMATION IS REPORTED TO THE DEPARTMENT BY INSURANCE AND SURETY COMPANIES LICENSED TO DO BUSINESS IN THE COMMONWEALTH, OR THEIR REPRESENTATIVES. ANY LIABILITY INSURANCE INFORMATION RELATING TO INDIVIDUALLY IDENTIFIED VEHICLES OR PERSONS, RECEIVED FROM SUCH COMPANIES UNDER THIS SECTION, SHALL BE CONSIDERED PRIVILEGED INFORMATION AND NOT SUBJECT TO THE VIRGINIA FREEDOM OF INFORMATION ACT (1 2.1-340 ET SEQ.).~~

SUCH INFORMATION SHALL BE USED IN CONJUNCTION WITH INFORMATION SUPPLIED UNDER 1 46.2-706 TO VERIFY INSURANCE FOR MOTOR VEHICLES CERTIFIED BY THEIR OWNERS TO BE INSURED.

~~INSURANCE COMPANIES LICENSED TO DO BUSINESS IN VIRGINIA SHALL PROVIDE TO THE DEPARTMENT MONTHLY ELECTRONIC UPDATES OF INSURED INFORMATION AND VEHICLE DESCRIPTIONS REQUIRED BY THE COMMISSIONER WHEN THEY (I) CANCEL LIABILITY INSURANCE FOR VEHICLES REGISTERED IN VIRGINIA, (II) ADD LIABILITY INSURANCE FOR VEHICLES REGISTERED IN VIRGINIA, OR (III) PROVIDE LIABILITY INSURANCE FOR VEHICLES REGISTERED IN VIRGINIA NEWLY SATISFYING FINANCIAL RESPONSIBILITY REQUIREMENTS. INSURANCE COMPANIES HAVING LESS THAN 1,000 POLICIES MAY REPORT THE INFORMATION MANUALLY OR ELECTRONICALLY.~~

1 46.2-707. OPERATING UNINSURED MOTOR VEHICLE WITHOUT PAYMENT OF FEE; VERIFICATION OF INSURANCE; FALSE EVIDENCE OF INSURANCE.

ANY PERSON WHO OWNS AN UNINSURED MOTOR VEHICLE (I) LICENSED IN THE COMMONWEALTH, (II) SUBJECT TO REGISTRATION IN THE COMMONWEALTH, OR (III) DISPLAYING TEMPORARY LICENSE PLATES PROVIDED FOR IN 1 46.2-1558 WHO OPERATES OR PERMITS THE OPERATION OF THAT MOTOR VEHICLE WITHOUT FIRST HAVING PAID TO THE COMMISSIONER THE UNINSURED MOTOR VEHICLE FEE REQUIRED BY 1 46.2-706, TO BE DISPOSED OF AS PROVIDED BY 1 46.2-710, SHALL BE GUILTY OF A CLASS 3 MISDEMEANOR.

ANY PERSON WHO IS THE OPERATOR OF SUCH AN UNINSURED MOTOR VEHICLE AND NOT THE TITLED OWNER, WHO KNOWS THAT THE REQUIRED FEE HAS NOT BEEN PAID TO THE COMMISSIONER, SHALL BE GUILTY OF A CLASS 3 MISDEMEANOR.

THE COMMISSIONER OR HIS DULY AUTHORIZED AGENT, HAVING REASON TO BELIEVE THAT A MOTOR VEHICLE IS BEING OPERATED OR HAS BEEN OPERATED ON ANY SPECIFIED DATE, MAY REQUIRE THE OWNER OF SUCH MOTOR VEHICLE TO ~~SUBMIT THE CERTIFICATE OF INSURANCE VERIFY~~ INSURANCE IN A METHOD PRESCRIBED BY THE COMMISSIONER AS PROVIDED FOR BY 1 46.2-706. THE REFUSAL OR NEGLECT OF THE OWNER WHO HAS NOT, PRIOR TO THE DATE OF OPERATION, PAID THE UNINSURED MOTOR VEHICLE FEE REQUIRED BY 1 46.2-706 AS TO SUCH MOTOR VEHICLE, TO ~~FURNISH SUCH CERTIFICATE~~ PROVIDE

SUCH VERIFICATION SHALL BE PRIMA FACIE EVIDENCE THAT THE MOTOR VEHICLE WAS A UNINSURED MOTOR VEHICLE AT THE TIME OF SUCH OPERATION.

ANY PERSON WHO PRESENTS OR CAUSES TO BE PRESENTED FALSELY VERIFIES INSURANCE TO THE COMMISSIONER A FALSE CERTIFICATE THAT A MOTOR VEHICLE IS AN INSURED MOTOR VEHICLE OR GIVES FALSE EVIDENCE THAT A MOTOR VEHICLE SOUGHT TO BE REGISTERED IS AN INSURED MOTOR VEHICLE, SHALL BE GUILTY OF A CLASS 3 MISDEMEANOR.

HOWEVER, THE FOREGOING PORTIONS OF THIS SECTION SHALL NOT BE APPLICABLE IF IT IS ESTABLISHED THAT THE OWNER HAD GOOD CAUSE TO BELIEVE AND DID BELIEVE THAT SUCH MOTOR VEHICLE WAS AN INSURED MOTOR VEHICLE, IN WHICH EVENT THE PROVISIONS OF I 46.2-609 SHALL BE APPLICABLE.

ANY PERSON WHO OWNS AN UNINSURED MOTOR VEHICLE (I) LICENSED IN THE COMMONWEALTH, (II) SUBJECT TO REGISTRATION IN THE COMMONWEALTH, OR (III) DISPLAYING TEMPORARY LICENSE PLATES PROVIDED FOR IN I 46.2-1558, AND WHO HAS NOT PAID THE UNINSURED MOTOR VEHICLE FEE REQUIRED BY I 46.2-706, SHALL IMMEDIATELY SURRENDER THE VEHICLE'S LICENSE PLATES TO THE DEPARTMENT. ANY PERSON WHO FAILS TO IMMEDIATELY SURRENDER HIS VEHICLE'S LICENSE PLATES SHALL BE GUILTY OF A CLASS 3 MISDEMEANOR.

ABSTRACTS OF RECORDS OF CONVICTION, AS DEFINED IN THIS TITLE, OF ANY VIOLATION OF ANY OF THE PROVISIONS OF THIS SECTION SHALL BE FORWARDED TO THE COMMISSIONER AS PRESCRIBED BY I 46.2-383.

THE COMMISSIONER SHALL SUSPEND THE DRIVER'S LICENSE AND ALL REGISTRATION CERTIFICATES AND LICENSE PLATES OF ANY TITLED OWNER OF AN UNINSURED MOTOR VEHICLE UPON RECEIVING A RECORD OF HIS CONVICTION OF A VIOLATION OF ANY PROVISIONS OF THIS SECTION, AND HE SHALL NOT THEREAFTER REISSUE THE DRIVER'S LICENSE AND THE REGISTRATION CERTIFICATES AND LICENSE PLATES ISSUED IN THE NAME OF SUCH PERSON UNTIL SUCH PERSON PAYS THE FEE APPLICABLE TO THE REGISTRATION OF AN UNINSURED MOTOR VEHICLE AS PRESCRIBED IN I 46.2-706 AND FURNISHES PROOF OF FUTURE FINANCIAL RESPONSIBILITY AS PRESCRIBED BY ARTICLE 15 (I 46.2-435 ET SEQ.) OF CHAPTER 3 OF THIS TITLE. HOWEVER, WHEN THREE YEARS HAVE ELAPSED FROM THE DATE OF THE SUSPENSION HEREIN REQUIRED, THE COMMISSIONER MAY RELIEVE SUCH PERSON OF THE REQUIREMENT OF FURNISHING PROOF OF FUTURE FINANCIAL RESPONSIBILITY. WHEN SUCH SUSPENSION RESULTS FROM A CONVICTION FOR PRESENTING OR CAUSING TO BE PRESENTED TO THE COMMISSIONER A FALSE CERTIFICATE-FALSE VERIFICATION AS TO WHETHER A MOTOR VEHICLE IS AN INSURED MOTOR VEHICLE OR FALSE EVIDENCE THAT ANY MOTOR VEHICLE SOUGHT TO BE REGISTERED IS INSURED, THEN THE COMMISSIONER SHALL NOT THEREAFTER REISSUE THE DRIVER'S LICENSE AND THE REGISTRATION CERTIFICATES AND LICENSE PLATES ISSUED IN THE NAME OF SUCH PERSON SO CONVICTED FOR A PERIOD OF 180 DAYS FROM THE DATE OF SUCH ORDER OF SUSPENSION, AND ONLY THEN WHEN ALL OTHER PROVISIONS OF LAW HAVE BEEN COMPLIED WITH BY SUCH PERSON.

THE COMMISSIONER SHALL SUSPEND THE DRIVER'S LICENSE OF ANY PERSON WHO IS THE OPERATOR BUT NOT THE TITLED OWNER OF A MOTOR VEHICLE UPON RECEIVING A RECORD OF HIS CONVICTION OF A VIOLATION OF ANY PROVISIONS OF THIS SECTION AND HE SHALL NOT THEREAFTER REISSUE THE DRIVER'S LICENSE UNTIL THIRTY DAYS FROM THE DATE OF SUCH ORDER OF SUSPENSION.

THAT THE PROVISIONS OF THIS ACT SHALL BECOME EFFECTIVE ON JANUARY 1, 1997.

