

1 **REPORTING OPTIONS FOR AUTO INSURANCE**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Kevin T. Van Tassell**

5 House Sponsor: _____

6

7 **LONG TITLE**

8 **General Description:**

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

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ provides that each insurer that issues a policy that includes certain motor vehicle
14 and commercial motor vehicle coverage shall, upon request, provide to the
15 Department of Public Safety's designated agent verification of whether or not a
16 motor vehicle or commercial motor vehicle insurance policy is in effect for a
17 specified vehicle;
- 18 ▶ provides that each insurer shall provide the verification using an electronic service
19 established by the insurers, through the Internet, world wide web, or a similar
20 proprietary or common carrier electronic system that:
- 21 • is compliant with certain standards;
 - 22 • is available 24 hours a day, seven days a week, subject to reasonable allowances
23 for scheduled maintenance or temporary system failures; and
 - 24 • includes appropriate security measures, consistent with industry standards, to
25 secure its data against unauthorized access and to maintain a record of all
26 information requests; and
- 27 ▶ makes conforming changes.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 This bill takes effect on January 1, 2013.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **31A-22-315**, as last amended by Laws of Utah 2008, Chapter 382

35 **41-12a-803**, as last amended by Laws of Utah 2011, Chapter 342



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

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

39 **31A-22-315. Motor vehicle insurance reporting -- Penalty.**

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

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

44 (ii) is defined by the department.

45 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
46 department shall make rules defining commercial motor vehicle insurance coverage.

47 (2) (a) Except as provided in Subsections (2)(b) and (c), each insurer that issues a
48 policy that includes motor vehicle liability coverage, uninsured motorist coverage,
49 underinsured motorist coverage, or personal injury coverage under this part shall:

50 (i) before the seventh and twenty-first day of each calendar month provide to the
51 Department of Public Safety's designated agent selected in accordance with Title 41, Chapter
52 12a, Part 8, Uninsured Motorist Identification Database Program, a record of each motor
53 vehicle insurance policy in effect for vehicles registered or garaged in Utah as of the previous
54 submission that was issued by the insurer[-]; and

55 (ii) upon request, provide to the Department of Public Safety's designated agent
56 selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification
57 Database Program, verification of whether or not a motor vehicle insurance policy is in effect
58 for a specified vehicle.

- 59 (b) Each insurer that issues commercial motor vehicle insurance coverage shall:
- 60 (i) before the seventh day of each calendar month provide to the Department of Public
61 Safety's designated agent selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured
62 Motorist Identification Database Program, a record of each commercial motor vehicle
63 insurance policy in effect for vehicles registered or garaged in Utah as of the previous month
64 that was issued by the insurer[-]; and
- 65 (ii) upon request, provide to the Department of Public Safety's designated agent
66 selected in accordance with Title 41, Chapter 12a, Part 8, Uninsured Motorist Identification
67 Database Program, verification of whether or not a commercial motor vehicle insurance policy
68 is in effect for a specified vehicle.
- 69 (c) An insurer that issues a policy that includes motor vehicle liability coverage,
70 uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage
71 under this part is not required to provide a record of a motor vehicle insurance policy in effect
72 for a vehicle to the Department of Public Safety's designated agent under Subsection (2)(a) or
73 (b) if the policy covers a vehicle that is registered under Section 41-1a-221, 41-1a-222, or
74 41-1a-301.
- 75 (d) This Subsection (2) does not preclude more frequent reporting.
- 76 (3) (a) A record provided by an insurer under Subsection (2)(a)(i) shall include:
- 77 (i) the name, date of birth, and driver license number, if the insured provides a driver
78 license number to the insurer, of each insured owner or operator, and the address of the named
79 insured;
- 80 (ii) the make, year, and vehicle identification number of each insured vehicle; and
81 (iii) the policy number, effective date, and expiration date of each policy.
- 82 (b) A record provided by an insurer under Subsection (2)(b)(i) shall include:
- 83 (i) the named insured;
- 84 (ii) the policy number, effective date, and expiration date of each policy; and
85 (iii) the following information, if available:
- 86 (A) the name, date of birth, and driver license number of each insured owner or
87 operator, and the address of the named insured; and
- 88 (B) the make, year, and vehicle identification number of each insured vehicle.
- 89 (4) (a) Each insurer shall provide [this] the information required under Subsections

90 (2)(a)(i) and (b)(i) by an electronic means or by another form the Department of Public Safety's
91 designated agent agrees to accept.

92 (b) Each insurer shall provide the verification required under Subsections (2)(a)(ii) and
93 (b)(ii) using an electronic service established by the insurers, through the Internet, world wide
94 web, or a similar proprietary or common carrier electronic system that:

95 (i) is compliant with the specifications and standards of the Insurance Industry
96 Committee on Motor Vehicle Administration and other applicable industry standards;

97 (ii) is available 24 hours a day, seven days a week, subject to reasonable allowances for
98 scheduled maintenance or temporary system failures; and

99 (iii) includes appropriate security measures, consistent with industry standards, to
100 secure its data against unauthorized access and to maintain a record of all information requests.

101 (5) (a) The commissioner may, following procedures set forth in Title 63G, Chapter 4,
102 Administrative Procedures Act, assess a fine against an insurer of up to \$250 for each day the
103 insurer fails to comply with ~~[this section]~~ the requirements under Subsections (2)(a)(i) and
104 (b)(i).

105 (b) If an insurer shows that the failure to comply with ~~[this section]~~ the requirements
106 under Subsections (2)(a)(i) and (b)(i) was inadvertent, accidental, or the result of excusable
107 neglect, the commissioner shall excuse the fine.

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

109 **41-12a-803. Program creation -- Administration -- Selection of designated agent**
110 **-- Duties -- Rulemaking -- Audits.**

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

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

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

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

119 (d) assist in protecting a financial institution's bona fide security interest in a motor
120 vehicle; and

- 121 (e) assist in the identification and prevention of identity theft and other crimes.
- 122 (2) The program shall be administered by the department with the assistance of the
123 designated agent and the Motor Vehicle Division.
- 124 (3) (a) The department shall contract in accordance with Title 63G, Chapter 6, Utah
125 Procurement Code, with a third party to establish and maintain an Uninsured Motorist
126 Identification Database for the purposes established under this part.
- 127 (b) The contract may not obligate the department to pay the third party more money
128 than is available in the account.
- 129 (4) (a) The third party under contract under this section is the department's designated
130 agent, and shall develop and maintain a computer database from the information provided by:
- 131 (i) insurers under ~~[Section]~~ Subsections 31A-22-315(2)(a)(i) and (b)(i);
- 132 (ii) the division under Subsection (6); and
- 133 (iii) the Motor Vehicle Division under Section 41-1a-120.
- 134 (b) (i) The database shall be developed and maintained in accordance with guidelines
135 established by the department so that state and local law enforcement agencies and financial
136 institutions as defined in Section 7-1-103 can efficiently access the records of the database,
137 including reports useful for the implementation of the provisions of this part.
- 138 (ii) (A) The reports shall be in a form and contain information approved by the
139 department.
- 140 (B) The reports may be made available through the Internet or through other electronic
141 medium, if the department determines that sufficient security is provided to ensure compliance
142 with Section 41-12a-805 regarding limitations on disclosure of information in the database.
- 143 (5) With information provided by the department and the Motor Vehicle Division, the
144 designated agent shall, at least monthly for submissions under Subsection 31A-22-315(2)(b)(i)
145 or at least twice a month for submissions under Subsection 31A-22-315(2)(a)(i):
- 146 (a) update the database with the motor vehicle insurance information provided by the
147 insurers in accordance with Section 31A-22-315; and
- 148 (b) compare all current motor vehicle registrations against the database.
- 149 (6) The division shall provide the designated agent with the name, date of birth,
150 address, and driver license number of all persons on the driver license database.
- 151 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

152 department shall make rules and develop procedures in cooperation with the Motor Vehicle
153 Division to use the database for the purpose of administering and enforcing this part.

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

156 (b) The internal audit unit of the tax commission provided under Section 59-1-206
157 shall audit the program at least every three years.

158 (c) The audit under Subsection (8)(b) shall include verification of:

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

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

162 Section 3. **Effective date.**

163 This bill takes effect on January 1, 2013.

Legislative Review Note
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Office of Legislative Research and General Counsel