



Greg Schwab

Bill Analysis
Legislative Service Commission

Sub. H.B. 139
125th General Assembly
(As Reported by H. Insurance)

Reps. G. Smith, Barrett, Setzer, Sferra, Driehaus, Koziura, Faber

BILL SUMMARY

- Specifies that a motor-vehicle liability insurer's liability under a policy, with respect to the coverage motorists are required to carry under the Financial Responsibility Law, is contractual, subject to the terms and conditions of the policy.
- Increases minimum liability coverages needed for proof of financial responsibility.
- Limits noneconomic damages awarded to drivers operating a motor vehicle without proof of financial responsibility.

CONTENT AND OPERATION

Motor-vehicle insurer's liability subject to policy terms and conditions

(sec. 4509.53)

Current law provides that an insurer's liability under a motor-vehicle liability insurance policy, with respect to the insurance required by the Financial Responsibility Law, Chapter 4509. of the Revised Code, becomes "absolute" whenever injury or damage covered by the policy occurs. The policy may not be defeated or voided by a statement made by the insured or on the insured's behalf, or by a violation of the policy.

The bill stipulates that the insurer's liability, with respect to the insurance required by the Financial Responsibility Law, is "[s]ubject to the terms and conditions of the policy," and allows a violation of the policy to defeat or void the policy. The bill stipulates that the insurer's liability is "conclusive," rather than "absolute," when the covered injury or damage occurs.

Minimum coverage requirements for proof of financial responsibility; forms of proof

(secs. 4509.01, 4509.101, 4509.20, 4509.41, 4509.45, 4509.51, 4509.59, 4509.65, 4509.67, and 4509.80)

Current law requires persons operating motor vehicles, or permitting others to operate motor vehicles, to maintain "proof of financial responsibility" in the form of either insurance or bond coverage in the amount of \$12,500 for bodily injury to or the death of one person in any one accident, in the amount of \$25,000 for bodily injury to or the death of two or more persons in any one accident, and in the amount of \$7,500 for damage to the property of others in any one accident. The bill increases the amount of bond or insurance coverage persons must maintain as proof of financial responsibility. Under the bill, persons must maintain minimum liability coverage in the amount of \$25,000 for bodily injury to or the death of one person in any one accident, in the amount of \$50,000 for bodily injury to or the death of two or more persons in any one accident, and in the amount of \$25,000 for damage to the property of others in any one accident.

The bill requires motor vehicle insurance policies to provide the new minimum amounts of coverage for proof of financial responsibility in order to be certified as owners' policies of liability insurance under Chapter 4509. of the Revised Code (sec. 4509.51). The minimum payments that must be made to satisfy judgments resulting from an accident, for purposes of the Financial Responsibility Law, are increased to match the new minimum coverage amounts for proof of financial responsibility (sec. 4509.41). Also, the minimum amounts of bond or insurance coverage that a driver must maintain to be exempt from the obligation to deposit security with the Registrar of Motor Vehicles following an accident, are increased to the new minimum coverage amounts for proof of financial responsibility (sec. 4509.20). The new minimums apply only to insurance policies and bonds, and renewals, issued on or after the bill's effective date (Section 3).

Currently, under the Financial Responsibility Law, a person may demonstrate proof of financial responsibility to a court, traffic violations bureau, registrar, or police officer, by presenting any of several documents, one being a certificate of the Treasurer of State confirming that the person deposited \$30,000 of money or securities with the Treasurer. The bill ends the use of a certificate of the Treasurer of State as an option for demonstrating proof of financial responsibility.

The bill requires the Registrar of Motor Vehicles to send notice to each person who has money or securities on deposit with the Treasurer of State. The notice must inform these persons that they are required to submit proof of another

form of financial responsibility to the Registrar within 90 days of receiving the notice. Upon receiving this proof, the Registrar must direct the Treasurer of State to return the money or securities that the person has on deposit (Section 4).

Limit on damages awarded to drivers operating a motor vehicle without proof of financial responsibility

(sec. 2323.57)

Under certain conditions, the bill limits a plaintiff's recovery of noneconomic damages in civil actions based on injuries received in motor vehicle accidents. The bill states that there is no limit in any civil action on the amount of compensatory damages a plaintiff may recover for accidental bodily injury incurred in an accident, for the *economic* losses sustained by the plaintiff. However, under the bill, a plaintiff cannot be awarded damages for *noneconomic* losses if, at the time of the injury, the plaintiff was operating a motor vehicle, owned by the plaintiff, without proof of financial responsibility (as defined in the Financial Responsibility Law, Chapter 4509. of the Revised Code). The bill defines "noneconomic losses" as any nonpecuniary harm resulting from an injury.

COMMENT

Sections 4509.101, 4509.45, and 4509.80 of the Revised Code, amended by this bill, were previously amended by Am. Sub. S.B. 123 of the 124th General Assembly. These sections, as previously amended, are scheduled to take effect on January 1, 2004. The bill amends the versions of sections 4509.101, 4509.45, and 4509.80 of the Revised Code scheduled to take effect on January 1, 2004, incorporating the changes made by this bill, in order to continue the provisions of this bill on and after the January 1, 2004, effective date of those amended sections.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	03-25-03	p. 278
Reported, H. Insurance	05-21-03	p. 500

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