



Sub. H.B. 139

125th General Assembly

(As Reported by S. Insurance, Commerce & Labor)

Reps. G. Smith, Gibbs, Barrett, Setzer, Sferra, Driehaus, Koziura, Faber, Cates, Clancy, Daniels, D. Evans, Fessler, Flowers, Gilb, Hughes, Martin, Niehaus, Olman, Raussen, Reidelbach, Schmidt, Schneider, Seitz, J. Stewart, Wolpert

BILL SUMMARY

- Makes an insurance company's liability under motor-vehicle liability insurance policies providing proof of financial responsibility subject to the terms and conditions of the policy.
- Allows violations of a motor-vehicle liability insurance policy to defeat or void the policy.

CONTENT AND OPERATION

Motor-vehicle insurer's liability for policies providing proof of financial responsibility

(secs. 4509.51 and 4509.53)

Current law states that a motor-vehicle liability insurance policy, which provides proof of financial responsibility for persons required to file proof of financial responsibility with the Registrar of Motor Vehicles, is not defeated or voided by a violation of the policy, or by a statement made by the insured or on the insured's behalf. The bill repeals the provision stating that a violation of the policy does not defeat or void the policy.

Current law also provides that an insurance company's liability under a motor-vehicle liability insurance policy, with respect to the insurance required by Ohio's Financial Responsibility Law, Chapter 4509. of the Revised Code, becomes "absolute" whenever injury or damage covered by the policy occurs. The bill stipulates that the insurance company's liability, with respect to this required insurance, is "conclusive" rather than "absolute" whenever the covered injury or

damage occurs and makes that liability "[s]ubject to the terms and conditions of the policy."

The Financial Responsibility Law prohibits any person from operating, or permitting the operation of, a motor vehicle in Ohio unless proof of financial responsibility is maintained continuously throughout the registration period with respect to that vehicle, or, if the driver is not the owner, with respect to the driver's operation of that vehicle. "Proof of financial responsibility" is proof of an individual's ability to respond to damages arising out of the ownership, maintenance, or use of a motor vehicle, in minimum amounts specified by the Law.

Current law requires policies of motor-vehicle liability insurance to insure persons named in the policy, and persons using any insured vehicle with the permission of an insured, against loss for damages arising out of the ownership, maintenance, or use of the vehicles, subject to limits, exclusive of interest and costs, in the amounts that motorists are required to maintain under the Financial Responsibility Law. The bill also makes this required coverage "[s]ubject to the terms and conditions" of the policy.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	03-25-03	p. 278
Reported, H. Insurance	05-21-03	p. 500
Passed House (81-16)	05-28-03	pp. 520-524
Reported, S. Insurance, Commerce & Labor	10-14-03	p. 1084

H0139-RS-125/nlr

