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Bill Analysis
Legislative Service Commission

H.B. 58

127th General Assembly
(As Introduced)

Reps. Combs, Uecker, Evans, Fende, Wagner, Webster

BILL SUMMARY

- Requires motor vehicle insurers to furnish the Bureau of Motor Vehicles with the names and addresses of all persons to whom the insurers issue motor vehicle liability insurance policies and all persons who cancel such policies or allow them to lapse through failure to pay the premium due.
- Prohibits a person who is issued a driver's license or a motor vehicle certificate of registration from canceling or failing to pay the premium due on a motor vehicle insurance policy unless the person either replaces the policy with another insurance policy or other acceptable form of proof of financial responsibility or surrenders the person's driver's license or motor vehicle certificate of registration and license plates to the Registrar of Motor Vehicles.

CONTENT AND OPERATION

Overview

Under current law, a person is not required to show proof of financial responsibility with regard to the person's operation of a motor vehicle when obtaining or renewing a driver's license or registering a motor vehicle. Rather, the application for each of these items contains a statement that the person maintains or has maintained on the person's behalf proof of financial responsibility at the time of application, that the person will not operate a motor vehicle in this state unless the person maintains proof of financial responsibility with respect to that motor vehicle or its operation, and that the person will not operate a motor vehicle in this state unless the person maintains or has maintained on the person's behalf proof of financial responsibility (R.C. 4503.20(B)(1) and R.C. 4507.212(B)(1)).¹

¹ In most cases, financial responsibility is accomplished through a motor vehicle liability insurance policy.

Actual presentation to the Registrar of Motor Vehicles or a deputy registrar of proof of financial responsibility, such as an insurance card, is not required. Under the Financial Responsibility Law,² a person is required to present proof of financial responsibility in the following circumstances:

- (1) The person or a motor vehicle the person owns is involved in a traffic accident for which an accident report must be filed;
- (2) The person is randomly selected by the Registrar to provide such verification;
- (3) A law enforcement officer stops the person for investigation of a motor vehicle traffic or equipment law violation.

In the last situation, the person is required to present proof of financial responsibility to the law enforcement officer at the time of the traffic stop, usually through presentation of an insurance card. If the person does not show the required proof at that time, the person must submit the proof along with the amount of the fine and costs to the traffic violations bureau if the person is allowed to pay the ticket without a court appearance or to the judge if the person is required to appear in court to answer the charge.

New requirements of the bill

Reporting by motor vehicle insurers of certain information to the Bureau of Motor Vehicles

The bill imposes new duties upon each insurer that delivers, issues for delivery, or renews in this state insurance policies that provide proof of financial responsibility. Under the bill, each such insurer is required to furnish the Bureau of Motor Vehicles with the names and addresses of both of the following:

- (1) All persons to whom it issues such insurance policies;
- (2) All persons who cancel their such policies or allow them to lapse through failure to pay the premium due.

Each insurer must furnish the Bureau with this information not later than five business days after the date the insurance policy is issued, canceled, or lapses, as applicable. The Registrar may require this information to be sent to the Bureau via electronic means.

² R.C. Chapter 4509. generally, and R.C. 4509.101 specifically.

Actions required of persons who hold a driver's license or motor vehicle certificate of registration; action by the Registrar

Subject to the defenses contained in the bill, no person who is issued a driver's license or a motor vehicle certificate of registration may cancel or fail to pay the premium due on a motor vehicle insurance policy covering the person's motor vehicle operation unless the person does either of the following:

(1) Replaces the insurance policy with other insurance or a type of proof of financial responsibility that complies with current law. The person is required to notify the insurer that issues a replacement policy of the cancellation or lapse of the prior policy.

(2) Surrenders the person's driver's license or motor vehicle certificate of registration and license plates to the Registrar.

The bill requires the Bureau to monitor the name of any person who cancels the person's motor vehicle insurance policy or allows it to lapse. If, within 30 days after the date of cancellation or lapsing, the Bureau does not receive information from an insurer that the person has replaced the canceled or lapsed insurance policy with another policy or the person does not secure another acceptable type of proof of financial responsibility, the Registrar is required to issue an order suspending the person's driver's license. The order must be identical to an order that imposes the penalties prescribed in current law for violating the Financial Responsibility Law. The Registrar is required to send written notification to the person. Within ten days after the mailing date of the notification, the person is required to surrender to the Registrar or a deputy registrar any driver's license, certificate of registration, or license plates that are the subject of the order.

The Registrar cannot restore any operating privileges, motor vehicle certificate of registration, or registration rights that are suspended under the bill or return any driver's license, certificate of registration, or license plates that are impounded under the bill unless these rights, privileges, documents, and items are not subject to suspension or revocation under any other provision of law and unless the person, in addition to complying with all other conditions required by law for reinstatement of the rights or privileges or reissuance of the documents or items, does all of the following:

(1) Pays a financial responsibility reinstatement fee of \$75, \$250, or \$500. The required amount is dependent upon the number of prior Financial Responsibility Law violations the person has committed.

(2) Pays a financial responsibility nonvoluntary compliance fee, not to exceed \$50, if the person did not voluntarily surrender the license, certificate of registration, or license plates in compliance with the order.

(3) Files and continuously maintains proof of financial responsibility.

Hearing before the Registrar

The Registrar is required to issue the suspension or impoundment order without a hearing. A person who is adversely affected by the order may request an administrative hearing, but the request must be made within ten days after issuance of the order. A hearing request does not suspend operation of the order. The scope of the hearing is limited to determining whether (1) the person in fact has been issued a driver's license or a certificate of registration for a motor vehicle by this state, (2) the person canceled or failed to pay the premium due on an insurance policy covering the person's operation of a motor vehicle, and (3) the person failed to replace the insurance policy with other insurance or satisfactory proof of financial responsibility.

The Registrar must determine the date, time, and place of the hearing. It must be held, and any order issued or findings must be made, within 30 days after the Registrar receives the hearing request. The person may request in writing that the Registrar designate as the hearing location the county seat of the county in which the person resides or a place within 50 miles of the person's residence. The person must pay the hearing costs if the Registrar's suspension or impoundment order is upheld.

Action by the Registrar if the person prevails

If the Registrar issues a suspension or impoundment order under the bill and the Registrar, upon a showing of proof of financial responsibility, determines that the person was in compliance with the bill's requirements, the Registrar is required to do both of the following:

(1) Terminate the suspension or impoundment order.

(2) Restore the operating privileges and registration rights of the person without payment of any fees and without requiring that the person file and continuously maintain proof of financial responsibility.

Such a determination may be made at any time without a hearing.

The Registrar may terminate a suspension imposed under the bill and not require the person to comply with the reinstatement requirements if the Registrar determines with or without a hearing that the person has shown that the person

customarily maintains proof of financial responsibility and that proof of financial responsibility was not maintained for the motor vehicle because (1) the motor vehicle was inoperable, (2) the motor vehicle is operated only seasonally and the date on which the motor vehicle insurance policy covering the motor vehicle was canceled or lapsed was outside the season of operation, or (3) the motor vehicle was sold or otherwise transferred to another person and was not replaced with another motor vehicle. The Registrar must grant the person relief if any of these three circumstances is shown by clear and convincing evidence.

The bill also provides that if the person shows by clear and convincing evidence that the person customarily maintains proof of financial responsibility and that proof of financial responsibility was not maintained for the motor vehicle because (1) a person other than the motor vehicle owner was at fault for the lapse of proof of financial responsibility through no fault of the owner, or (2) the lapse of proof of financial responsibility was caused by excusable neglect under circumstances that are not likely to recur and do not suggest a purpose to evade the requirements of the Financial Responsibility Law, the Registrar must grant the person relief, but only if the person has not previously been granted relief in either of these two circumstances.

Rulemaking authority of the Registrar

The bill requires the Registrar, in accordance with the Administrative Procedure Act, to adopt any rules that are necessary to administer and enforce the bill. The rules must include procedures for the surrender of license plates upon failure to maintain proof of financial responsibility and provisions relating to reinstatement of registration rights, acceptable forms of proof of financial responsibility, and verification of the existence of financial responsibility during the registration period.

HISTORY

ACTION	DATE
Introduced	02-21-07

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