

1 **Auto Liability Motor Vehicle Insurance Verification Act**

2 **Summary**

3 An Act relating to auto liability motor vehicle insurance; providing for the establishment  
4 of a web based online verification system for the verification of evidence of insurance;  
5 providing for codification; and providing an effective date.

6 **Model Legislation**

7 **SECTION 1.**

8 A. The Department of \_\_\_\_\_ (hereinafter "Department") shall establish and maintain a web  
9 based system for online verification of auto liability motor vehicle insurance; requiring motor vehicle insurers to  
10 establish functionality for the online auto liability motor vehicle insurance verification system, as specified;  
11 providing an appropriation; and providing for an effective date. Implementation of an online auto liability motor  
12 vehicle insurance verification system, including any exceptions as provided for in this Act or in the  
13 Implementation Guide developed to support the program, supersedes any existing verification system and shall  
14 be the sole system used for the purpose of verifying auto liability motor vehicle insurance as prescribed by the  
15 laws of the state.

16 B. The Department shall adopt by rule and regulation online verification of auto liability motor vehicle  
17 insurance as required by this section, subject to the following:

18 1. The verification system shall transmit requests to insurers for verification of auto liability motor vehicle  
19 insurance via web services established by the insurers in compliance with the specifications and standards of  
20 the Insurance Industry Committee on Motor Vehicle Administration (IICMVA). Insurance company systems shall  
21 respond to each request with a prescribed response upon evaluation of the data provided in the request. The  
22 system shall include appropriate provisions to secure its data against unauthorized access. The system shall be  
23 used for verification of auto liability motor vehicle insurance as prescribed by the laws of the state and shall be  
24 accessible to authorized personnel of the Department, the courts, law enforcement personnel, and other entities  
25 authorized by the state as permitted by state or federal privacy laws, and it shall be interfaced, wherever  
26 appropriate, with existing state systems. The system will include information that will enable the Department to  
27 make inquiries to insurers of auto liability motor vehicle insurance that is consistent with IICMVA  
28 recommendations, specifications and standards by using the following data elements for greater matching  
29 accuracy: insurer NAIC (National Association of Insurance Commissioners) company code; Vehicle Identification  
30 Number; policy number; verification date; or as otherwise described in the specifications and standards of the  
31 IICMVA.

32 The Department shall establish rules and regulations to offer insurers who insure 1000 or fewer  
33 vehicles within this jurisdiction an alternative method for verifying auto liability motor vehicle insurance in lieu of

1 web services. Insurers shall not be required to verify evidence of insurance for vehicles registered in other  
2 jurisdictions.

3 2. An insurer's system shall respond within the time period prescribed by the IICMVA's specifications and  
4 standards. Insurer systems shall be permitted reasonable system downtime for maintenance and other work  
5 with advance notice to the Department. Insurers shall not be subject to enforcement fees or other sanctions  
6 under such circumstances or when systems are not available because of emergency, outside attack or other  
7 unexpected outages not planned by the insurer and reasonably outside its control.

8 3. When the Department has reason to believe a motor vehicle has been or is currently being operated  
9 without insurance, the owner's vehicle registration may be suspended or revoked. The registration may not be  
10 reinstated or a new registration may not be issued unless evidence of insurance has been provided to the  
11 Department and any applicable reinstatement fees as prescribed by the Department have been paid. These fees  
12 are in addition to any other applicable fines, penalties, and fees.

13 4. The goal of the system shall be to assist in the identification of uninsured motorists in the most  
14 effective way possible. Responses to individual insurance verification requests have no bearing on whether  
15 insurance coverage is determined to be in force at the time of a claim. Claims are individually investigated with  
16 a determination of existence of coverage.

17 5. Nothing in this legislation prohibits the Department from contracting with a private service provider or  
18 providers who have successfully implemented similar systems in other states to assist in establishing and  
19 maintaining this verification system.

20 6. The Department shall consult with representatives of the insurance industry, including IICMVA, and  
21 private service providers to determine the objectives, details, and deadlines related to the system by  
22 establishment of an Advisory Council. The Advisory Council shall consist of voting members comprised of: two  
23 representatives of the Department, a representative of the Department of Insurance, a minimum of three  
24 insurance company representatives appointed by IICMVA, a representative chosen by the [insert state]  
25 independent agents association and other representatives as appointed by the  
26 Commissioner/Director/Superintendent. This group shall be chaired by the  
27 Commissioner/Director/Superintendent or his or her designee.

28 7. The Department will publish for comment and then issue a detailed guide of its online verification  
29 system.

30 8. The Department and its private service provider, if any, will each maintain a contact person for  
31 insurers during the establishment, implementation, and operation of the system.

32 9. Insurers shall cooperate with the Department in establishing and maintaining the verification system  
33 provided by this section and shall provide motor vehicle insurance policy status information as provided in the  
34 rules and regulations established by the Department.

1           10. Every property and casualty insurance company that is licensed to issue auto liability motor vehicle  
2 insurance or is authorized to do business in [insert state] shall comply with this section for verification of such  
3 insurance for every vehicle insured by that company in [*insert state*] as required by the rules and regulations of  
4 the Department.

5           11. For the purposes of this section, commercial auto coverage is defined as any coverage provided to  
6 an insured, regardless of number of vehicles or entities covered, under a commercial coverage form and rated  
7 from a commercial manual approved by the Department of Insurance. This section [*title, subtitle, chapter,*  
8 *subchapter*] shall not apply to vehicles insured under commercial auto coverage; however, insurers of such  
9 vehicles may participate on a voluntary basis.

10           12. Insurers shall provide commercial or fleet automobile customers with evidence reflecting that the  
11 vehicle is insured under a commercial or fleet automobile liability policy. Sufficient evidence would be an  
12 Insurance Identification card clearly marked a suitable identifier such as "Commercial Auto Insurance  
13 Identification Card", "Fleet Auto Insurance Identification Card" or other clear identification that the vehicle is  
14 insured under a Fleet or Commercial policy.

15           13. Insurers shall be immune from civil and administrative liability for good faith efforts to comply with  
16 the terms of this act.

17           14. Nothing in this section prohibits an insurer from using the services of a third-party vendor for  
18 facilitating the insurance verification program required by this law.

19           15. The Department will have the authority to impose a fee of \$\_\_\_\_\_ on the registrant of each vehicle  
20 (new and renewal) registration. All fees collected shall be deposited in a separate account and used solely for  
21 the purpose of the implementation, maintenance, and enhancement of the online insurance verification system.

22           **SECTION 2. REPORT ON EFFECTIVENESS**

23           Not more than two years after the establishment of the online insurance verification system, the  
24 Department, after consultation with the Advisory Committee shall report to the legislature as to the costs of the  
25 program incurred by the Department, insurers and the public and the effectiveness of the program in reducing  
26 the number of uninsured motor vehicles.

27           **SECTION 3. EFFECTIVE DATE**

28           This act shall become effective on \_\_\_\_\_, 20\_\_. The  
29 verification system shall be installed and fully operational by \_\_\_\_\_, 20\_\_, following an appropriate  
30 testing/pilot period of not less than nine months. Until the successful completion of the testing/pilot period, no  
enforcement action shall be taken based on the system.