

PROOF OF INSURANCE/VEHICLE REGISTRATION

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House Bill 4971 as introduced
House Bills 5031 & 5032 as introduced
Sponsor: Rep. Peter J. Lucido
Committee: Insurance
Complete to 2-18-16

Analysis available at
<http://www.legislature.mi.gov>

REVISED SUMMARY:

House Bill 4971 would amend the Michigan Vehicle Code to allow an *electronic* or paper certificate of vehicle registration to be displayed upon the demand of a police officer and to specify that an *electronic* or paper copy of proof of insurance can be accepted as prima facie evidence that mandatory automobile insurance is in force.

House Bill 5031 would amend the Insurance Code to do the following:

- Require automobile insurance companies to transmit certificates of insurance electronically immediately upon issuance of a policy to both the insurance customer and the Secretary of State.
- Require the insurance company to notify the Secretary of State if a policy expires without being renewed, or is terminated or canceled.
- Impose a fine of \$1,000 for a second or subsequent offense of driving without insurance. (This would remain a misdemeanor.)

House Bill 5032 would amend the Michigan Vehicle Code to do the following:

- Require the Secretary of State to enter information into the Law Enforcement Information Network (LIEN) when notified of an expired, terminated, or canceled automobile insurance policy.
- Require the Secretary of State to revoke the registration of a vehicle if the vehicle's insurance policy expires, or is terminated or canceled.
- Make it a misdemeanor (rather than a civil infraction) to fail to produce evidence of insurance at the request of a police officer, with a violation subject to a fine of up to \$500 for a first offense and up to \$1,000 for a second or subsequent offense, and imprisonment for up to one year.
- Eliminate the current provision that allows a defendant to submit proof to a court, prior to the appearance date, that a vehicle had required insurance at the time of a failure-to-provide-proof violation.
- Require a police officer, if a motorist fails to produce evidence of insurance at the request of a police officer or if a LIEN search shows the policy has expired, or been terminated or canceled, to: (1) immediately confiscate the vehicle registration plate and destroy it; (2) impound the vehicle; and (3) notify the Secretary of State through LIEN that the plate was destroyed and the vehicle impounded.
- Make the owner of an impounded vehicle liable for the expenses incurred in its removal or storage, whether or not it is returned, and only allow a vehicle to be

returned if the expenses are paid. If redemption is not made, the vehicle would be disposed of as an abandoned vehicle.

House Bills 4971 is tie-barred to House Bill 5032, and House 5031 and 5032 are tie-barred to each other, meaning essentially that none of the bills can take effect unless they are all enacted.

FISCAL IMPACT:

A fiscal analysis is in process. HB 5302 adds a new misdemeanor. Misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. The costs of local incarceration in a county jail and local misdemeanor probation supervision vary by jurisdiction. Misdemeanor fines go to public libraries.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.