A bill to establish a system for online verification of automobile insurance; to require automobile insurers to provide policy information for the online verification system; to provide for the powers and duties of state governmental officers and entities; to provide vehicle registration sanctions for the failure to maintain automobile insurance; to impose fees for vehicle registration reinstatement; and to require the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:
Sec. 1. This act shall be known and may be cited as the "vehicle insurance verification act".

Sec. 2. As used in this act:

(a) "Automobile insurance" means insurance required under section 3101 or 3103 of the insurance code of 1956, 1956 PA 218, MCL 500.3101 and 500.3103.

(b) "Commercial auto coverage" means any coverage provided to an insured, regardless of the number of vehicles or entity covered, under a commercial coverage form and rated from a commercial manual approved by the department.

(c) "Department" means the department of insurance and financial services, unless expressly stated otherwise.

(d) "IICMVA" means the Insurance Industry Committee on Motor Vehicle Administration.

(e) "Online" means through the internet, the World Wide Web, or a similar proprietary or electronic system based on a telecommunication provider, as that term is defined in section 102 of the Michigan telecommunications act, 1991 PA 179, MCL 484.2102.

Sec. 3. (1) The department shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to establish a system for online verification of evidence of automobile insurance. The verification system must do all of the following:

(a) Send requests to insurers for verification of evidence of insurance online and using services established by the insurers, in compliance with the specifications and standards of the IICMVA, with enhancements, additions, and modification as required by the department.

(b) Include appropriate provisions to secure its data against
unauthorized access. The department shall maintain a historical record of the system data for 6 to 12 months after the date of a request or response.

(c) Receive motor vehicle liability insurance data file transfers from insurers under specifications and standards established by the department to identify automobiles that are not covered by a liability insurance policy and to facilitate requests to insurers for verification of evidence of insurance online.

(d) Include information that will enable the department to make inquiries to insurers about evidence of insurance that is consistent with insurance industry and IICMVA recommendations, specifications, and standards by using multiple data elements for greater matching accuracy, specifically the National Association of Insurance Commissioners insurance company code, the vehicle identification number, the policy number, or elements as described in the specifications and standards of the IICMVA, with enhancements, additions, and modifications as required by the department. The department shall not request information under this subdivision more frequently than every 7 days.

(e) Not require insurers to verify evidence of insurance online for vehicles insured under commercial auto coverage. However, the department shall require insurers of vehicles insured under commercial auto coverage to provide liability insurance data file transfers to the department for the vehicles, but shall not require vehicle identification numbers for nonvehicle specific policies or if the vehicle identification number is not captured by the insurer.

(f) Not require the verification of any of the following:

(i) A motor vehicle owned and operated by the United States or
an agency of the United States or of this state or a political or
governmental subdivision of this state.

(ii) A motor vehicle that is subject to the supervision and
regulation of the Federal Motor Carrier Safety Administration or
the public service commission and for which the owner or operator
has filed evidence of financial responsibility, the liability under
which is not less than that required of the operator of a motor
vehicle under the insurance code of 1956, 1956 PA 218, MCL 500.100
to 500.8302.

(iii) A motor vehicle covered by a certificate of self-insurance
issued by the department.

(iv) A motor vehicle owned by a licensed motor vehicle dealer
and held in inventory that is covered by a blanket liability
insurance policy or commercial automobile liability insurance
policy.

(v) A vehicle properly registered in another jurisdiction and
not legally required to be registered under the Michigan vehicle
code, 1949 PA 300, MCL 257.1 to 257.923.

(g) Assist in the identification of uninsured motorists in the
most effective way possible.

(2) The system established under this section must be used
only for verification of evidence of mandatory automobile
insurance, must be accessible to authorized personnel of the
department, the department of state, the department of health and
human services, the courts, law enforcement personnel, and any
other entities authorized by this state as permitted by privacy
laws of this state or federal privacy laws, and must be interfaced,
wherever appropriate, with existing state systems.

(3) The department may contract with 1 or more private service
providers that have successfully implemented similar systems in
other states to assist in establishing and maintaining the system
as required under this section.

Sec. 4. (1) An insurer that issues automobile liability
insurance policies in this state shall establish and maintain a
system to perform the functions required to be performed by the
insurer under this act, including the ability to respond within the
time period prescribed by IICMVA specifications and standards.

(2) An insurer that issues automobile liability insurance
policies in this state shall provide access to automobile insurance
policy status information as required by the rules promulgated
under this act.

(3) An insurer that issues automobile liability insurance
policies in this state shall respond to a request for verification
of automobile insurance if the request is for a date that is within
6 months before the date of the request.

(4) An insurer may use the services of a third party vendor to
establish and maintain the insurance verification program required
under this act.

Sec. 5. (1) After the online insurance verification system
established under this act is in operation, within 40 days after
the registration or renewal or a registration of a motor vehicle in
this state, and not less than every 45 days after the first
verification, the department shall access the system to
electronically verify whether the motor vehicle is covered by
automobile insurance. If by using the system the department cannot
verify that the motor vehicle is covered by automobile insurance,
the department shall send the owner or registrant a notice that
complies with subsection (2). A notice under this subsection must
be in writing and be mailed through the United States Postal
Service to the owner's or registrant's last known address as
reflected on the department of state's motor vehicle registration
records.

(2) A notice under subsection (1) must notify the owner or
registrant that fines may be levied for noncompliance and that the
vehicle registration of the motor vehicle may be canceled 30
calendar days after the date the notice is mailed unless the owner
or registrant furnishes evidence of insurance in effect on the
verification date, as prescribed by the department. The notice must
require the owner or registrant to provide all of the following:

(a) A statement whether the motor vehicle was insured on the
verification date stated in the request, and, if the vehicle was
not insured, the reason.

(b) The name, address, National Association of Insurance
Commissioners number, and telephone number of the insurer that
insures the motor vehicle.

(c) The policy number of the policy under which the motor
vehicle is insured.

(d) The effective date of the policy and the expiration date
of the policy under which the vehicle is insured.

(e) The owner's or registrant's signature.

(f) Any additional information the department may require to
verify compliance with automobile insurance requirements.

(3) Within 30 calendar days after the department mails a
notice under subsection (1), the owner or registrant shall furnish
the requested information to the department in a manner as
prescribed by the department. The department may consider evidence
of insurance in effect on the verification date, as prescribed by
the department, to be a satisfactory response to the request for information.

(4) All of the following apply after a notice is mailed under subsection (1):

(a) If the owner or registrant responds within the required time and the response establishes that the motor vehicle was covered by automobile insurance on the verification date, the department shall indicate in its records that the owner or registrant is in compliance.

(b) If the owner or registrant responds within the required time and asserts that the motor vehicle did have automobile insurance coverage on the verification date but the response does not establish that the automobile insurance coverage existed, the department may seek to confirm the response by either using the online insurance verification system established under this act or furnishing necessary information to the insurer named in the response. An insurer that receives information under this subdivision shall within 30 calendar days inform the department whether on the verification date stated the motor vehicle was covered by automobile insurance issued by the insurer. If the attempt or attempts at confirmation under this subdivision establish that the motor vehicle was covered by automobile insurance on the verification date, the department shall proceed as provided in subdivision (a).

(c) If an attempt or attempts at confirmation by the department under subdivision (b) fail to establish that the motor vehicle was covered by automobile insurance on the verification date, if the owner fails to respond to the notice within the required time, or if the owner responds that the motor vehicle did
not have automobile insurance coverage on the verification date and
does not give as a reason a circumstance under which the insurance
was not required as provided in section 3101(1) of the insurance
code of 1956, 1956 PA 218, MCL 500.3101, the owner is considered to
have violated section 3101(1) of the insurance code of 1956, 1956
PA 218, MCL 500.3101.

(5) For a first violation by a person as determined under
subsection (4)(c), the department shall notify the department of
state to cancel the registration of the motor vehicle. If the
registration of a vehicle is canceled under this subsection, the
department of state shall not issue a new registration for the
vehicle unless the owner or registrant pays the department a fee of
$200.00, in a manner as prescribed by the department, and provides
proof of existing automobile insurance as prescribed by the
department.

(6) For a second or subsequent violation by a person as
determined under subsection (4)(c) within the preceding 4 years,
the department shall notify the department of state to cancel the
registration of the vehicle. If the registration of a vehicle is
canceled under this subsection, the department of state shall not
issue a new registration for the vehicle unless the owner or
registrant pays the department a fee of $400.00, in a manner as
prescribed by the department, and provides proof of existing
automobile insurance under a 6-month prepaid noncancelable policy
as described in section 3101c of the insurance code of 1956, 1956
PA 218, MCL 500.3101c.

(7) The fact that an owner or registrant acquires automobile
insurance for or transfers or otherwise terminates ownership of the
motor vehicle after the date of verification has no bearing on a
cancelation under this section.

(8) After accepting a reinstatement fee and proof of insurance under subsection (5) or (6), the department shall, within 1 business day, notify and forward any required documentation concerning the reinstatement of a motor vehicle registration to the department of state in the manner prescribed by the department of state.

(9) Within 30 calendar days after a vehicle registration is canceled under this act, the owner or registrant of the vehicle may appeal the cancelation to the department under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288. After exhausting the person's administrative remedies, the person has the right of judicial review as provided under chapter 6 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.301 to 24.306. In a review under this subsection, the court shall not waive a reinstatement fee if the owner or registrant cannot produce evidence that valid automobile insurance was in effect on the date of verification.

(10) An operator of a motor vehicle for which the registration has been canceled under this act is subject to citation by a law enforcement officer in accordance with the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

(11) Any fees required to be paid under this act are in addition to any fees that may apply under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

Sec. 6. An insurer is immune from civil and administrative liability for good-faith efforts to comply with this act.

Sec. 7. The department shall deposit money from the fees collected under this act in a separate account and use the money
for the following purposes:

(a) To implement, maintain, and enhance the online insurance verification system established under this act.

(b) If any money remains after making the expenditures under subdivision (a), to establish and maintain a statutorily created automobile insurance fraud prevention authority. However, if a bill of the 99th Legislature to create an automobile insurance fraud prevention authority is not enacted into law, the department shall deposit any money that remains after making the expenditures under subdivision (a) into the general fund of this state.

Sec. 8. (1) This act takes effect on January 1, 2020.

(2) The verification system required under this act must be installed and fully operational by July 1, 2020, following an appropriate testing and pilot period. The director of the department shall post a certification on the department website stating that the system is operational when the system is operational.

(3) The department shall not take enforcement action under this act until the successful completion of the testing and pilot period under subsection (2).

Enacting section 1. This act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

(a) Senate Bill No. 8.

(b) Senate Bill No. 9.