

SENATE BILL No. 819

February 13, 2018, Introduced by Senator ZORN and referred to the Committee on Insurance.

A bill to establish a system for electronic verification of automobile insurance; to require automobile insurers to provide policy information for the electronic verification system; to provide for the powers and duties of state governmental officers and entities; and to require the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "real-
2 time electronic insurance verification act".

3 Sec. 2. As used in this act:

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

7 (b) "Commercial auto coverage" means any coverage provided to
8 an insured, regardless of the number of vehicles or entity covered,

1 under a commercial coverage form and rated from a commercial manual
2 approved by the department.

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

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

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

11 Sec. 3. (1) The department shall promulgate rules under the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328, to establish a system for online verification of evidence
14 of automobile insurance. The verification system must do all of the
15 following:

16 (a) Send requests to insurers for verification of evidence of
17 insurance online and using services established by the insurers, in
18 compliance with the specifications and standards of the IICMVA,
19 with enhancements, additions, and modification as required by the
20 department. The system must require insurers to provide information
21 about the issuance, renewal, cancellation, and nonrenewal of
22 automobile insurance immediately, or effectively in real time.

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

27 (c) Receive motor vehicle liability insurance data file

1 transfers from insurers under specifications and standards
2 established by the department to identify automobiles that are not
3 covered by a liability insurance policy and to facilitate requests
4 to insurers for verification of evidence of insurance online.

5 (d) Include information that will enable the department to
6 make inquiries to insurers about evidence of insurance that is
7 consistent with insurance industry and IICMVA recommendations,
8 specifications, and standards by using multiple data elements for
9 greater matching accuracy, specifically the National Association of
10 Insurance Commissioners insurance company code, the vehicle
11 identification number, the policy number, or elements as described
12 in the specifications and standards of the IICMVA, with
13 enhancements, additions, and modifications as required by the
14 department.

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

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

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

27 (ii) A motor vehicle that is subject to the supervision and

1 regulation of the Federal Motor Carrier Safety Administration or
2 the public service commission and for which the owner or operator
3 has filed evidence of financial responsibility, the liability under
4 which is not less than that required of the operator of a motor
5 vehicle under the insurance code of 1956, 1956 PA 218, MCL 500.100
6 to 500.8302.

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

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

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

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

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

26 (3) The department may contract with 1 or more private service
27 providers that have successfully implemented similar systems in

1 other states to assist in establishing and maintaining the system
2 as required under this section.

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

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

12 (3) An insurer that issues automobile liability insurance
13 policies in this state shall respond to a request for verification
14 of automobile insurance if the request is for a date that is within
15 6 months before the date of the request.

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

19 Sec. 8. (1) This act takes effect on January 1, 2019.

20 (2) The verification system required under this act must be
21 installed and fully operational by July 1, 2019, following an
22 appropriate testing and pilot period. The director of the
23 department shall post a certification on the department website
24 stating that the system is operational when the system is
25 operational.

26 Enacting section 1. This act does not take effect unless
27 Senate Bill No. 820

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of the 99th Legislature is enacted into law: