

HOUSE BILL 594

By Keisling

AN ACT to amend Tennessee Code Annotated, Title 55  
and Title 56, relative to financial responsibility.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

**SECTION 1.** Tennessee Code Annotated, Title 55, Chapter 12, is amended by adding Sections 2 through 8 as a new, appropriately designated part:

**SECTION 2.** This part shall be known and may be cited as the "Uninsured Motorist Identification Database Program".

**SECTION 3.** As used in this part, unless the context otherwise requires:

(1) "Database" means the Uninsured Motorist Identification Database created in Section 4;

(2) "Department" means the department of revenue;

(3) "Designated agent" means the third party the department contracts with under Section 4;

(4) "Financial institution" means any institution subject to the jurisdiction of the department of financial institutions;

(5) "Interested person" includes:

(A) Heirs, devisees, children, spouses, creditors, beneficiaries and any others having a property right in or claim against a trust estate, or the estate of a decedent, ward, or protected person; and

(B) Persons having priority for appointment as personal representative, other fiduciaries representing interested persons, a settlor of a trust, if living or the settlor's legal representative, if any, if the settlor is living but incapacitated.

(6) "Motor vehicle" has the same meaning as set forth in § 55-12-102; and

(7) "Program" means the Uninsured Motorist Identification Database Program created in Section 4.

**SECTION 4.**

(a) There is created the Uninsured Motorist Identification Database Program, to be administered by the department of revenue, with the assistance of the designated agent described in subsection (b) and with the cooperation of the departments of safety and commerce and insurance, for the purpose of:

- (1) Establishing a database to verify compliance with financial responsibility requirements under this chapter;
- (2) Assisting in reducing the number of uninsured motor vehicles on the highways of this state;
- (3) Assisting in protecting a financial institution's bona fide security interest in a motor vehicle; and
- (4) Assisting in the identification and prevention of identity theft and other crimes.

(b) The department shall contract, in accordance with title 12, chapter 4, with a third party to establish and maintain the database for the purposes established under subsection (a); provided, that:

- (1) No contract shall obligate the department to pay the third party more money than is available; and
- (2) The third party shall not be this state, any department of this state or any political subdivision thereof.

(c)

(1) The designated agent shall develop and maintain the computer database from the information provided by:

- (A) Insurers under § 56-7-1118;
- (B) The department of safety under subsection (e); and

(C) The department of revenue under subsection (f).

(2)

(A) The database shall be developed and maintained in accordance with guidelines established by the department so that law enforcement agencies and financial institutions can efficiently access the records of the database.

(B) The reports:

(i) Shall be in a form and contain information approved by the department; and

(ii) May be made available through the Internet or through other electronic medium, if the department determines that sufficient security is provided to ensure compliance with Section 6.

(d) With information provided by the department, the designated agent shall, at least monthly for submissions under § 56-7-1118(b)(2) and at least twice a month for submissions under § 56-7-1118(b)(1):

(1) Update the database with the motor vehicle insurance information provided by the insurers in accordance with § 56-7-1118; and

(2) Compare all current motor vehicle registrations against the database.

(e) The department of safety shall provide the designated agent with the name, date of birth, address and driver license number of all persons on the driver license database.

(f) The department of revenue shall provide the designated agent with a record of all current motor vehicle registrations before the seventh (7th) and twenty-first (21st) day of each calendar month.

(g) The comptroller of the treasury shall audit the program at least once every three (3) years. Such audit shall include verification of billings made by the designated agent and the accuracy of the designated agent's matching of vehicle registration with insurance data. The designated agent shall archive computer data files at least semi-annually for auditing purposes.

(h) Upon request, the designated agent shall make available the information provided by insurers under § 56-7-1118 to law enforcement agencies, financial institutions and the departments of revenue, safety, and commerce and insurance for the purposes listed in section 6(b).

#### **SECTION 5.**

(a) If the comparison conducted by the designated agent pursuant to Section 4(e) shows that a motor vehicle is not insured for three (3) consecutive months, the department shall direct the designated agent to provide notice to the owner of the motor vehicle that the owner has fifteen (15) days to provide:

- (1) Proof of financial responsibility as described in this chapter; or
- (2) Proof of exemption from financial responsibility requirements.

(b) If an owner of a motor vehicle fails to provide satisfactory proof of financial responsibility or proof of exemption from the financial responsibility requirements to the designated agent, the designated agent shall:

(1) Provide a second notice to the owner of the motor vehicle that the owner has fifteen (15) additional days to provide the requested information in subsection (a);

(2) For each notice provided, indicate information relating to the owner's failure to provide proof of financial responsibility in the database; and

(3) Notify the department and applicable law enforcement agencies in accordance with Section 6.

(c) The department shall:

(1) In accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, revoke the registration if the owner of a motor vehicle:

(A) Has been convicted of operating a registered motor vehicle in violation of this chapter;

(B) Is under an administrative action taken by the department of safety for operating a registered motor vehicle in violation of this chapter;

(C) Has failed to provide satisfactory proof of owner's or operator's security to the designated agent after the second notice provided under subsection (b); or

(D) Provided a false or fraudulent statement to the department or the designated agent.

(2) Provide appropriate notices of the revocation, the legal consequences of operating a vehicle with revoked registration and without financial responsibility and instructions on how to get the registration reinstated; provided, that the department may direct the designated agent to provide such notices.

(d) Any action by the department to revoke the registration of a motor vehicle under this section may be in addition to an action by a law enforcement agency to impose the penalties under this chapter.

(e) It is a class B misdemeanor, punishable only by fine, to provide a false or fraudulent statement to the department or the designated agent. This subsection (e) does not preclude prosecution under any other penalty or charge available by law.

(f) This part does not affect other actions or penalties that may be taken or imposed for violation of the financial responsibility requirements of this chapter.

**SECTION 6.**

(a) Information in the database established under Section 4 provided by a person to the designated agent is considered to be the property of the person providing the information.

(b) The information may not be disclosed from the database under Title 10, Chapter 7, or otherwise, except as follows:

(1) For the purpose of investigating, litigating or enforcing the financial responsibility requirements under this chapter, the designated agent shall verify insurance information through the state computer network for a state or local government agency or court;

(2) For the purpose of investigating, litigating or enforcing the financial responsibility requirements under this chapter, the designated agent shall, upon request, issue to any state or local government agency or court a certificate documenting the insurance information, according to the database, of a specific individual or motor vehicle for the time period designated by the government agency;

(3) Upon request, the department or its designated agent shall disclose whether or not a person is an insured individual and the insurance company name to:

(A) That individual or, if that individual is deceased, any interested person of that individual;

(B) The parent or legal guardian of that individual if the individual is an unemancipated minor;

(C) The legal guardian of that individual if the individual is legally incapacitated;

(D) A person who has power of attorney from the insured individual;

(E) A person who submits a notarized release from the insured individual dated no more than ninety (90) days before the date the request is made; or

(F) A person suffering loss or injury in a motor vehicle accident in which the insured individual is involved, but only as part of an accident report.

(4) For the purpose of investigating, enforcing, or prosecuting laws or issuing citations by law enforcement agencies related to the:

(A) Registration and renewal of registration of a motor vehicle under Title 55, Chapter 4;

(B) Purchase of a motor vehicle; and

(C) Financial responsibility requirements under this chapter.

(5) Upon request of a peace officer acting in an official capacity under subdivision (b)(4), the department or the designated agent shall, upon request, disclose relevant information for investigation, enforcement or prosecution of such laws;

(6) For the purpose of the comptroller of the treasury conducting audits of the program;

(7) Upon request of a financial institution for the purpose of protecting the financial institution's bona fide security interest in a motor vehicle; and

(8) Upon the request of a law enforcement agency for the purpose of investigating and prosecuting identity theft and other crimes.

(c)

(1) The department may allow the designated agent to prepare and deliver, upon request, a report on the insurance information of a person or motor vehicle in accordance with this section.

(2) The report may be in the form of:

(A) A certified copy that is considered admissible in any court proceeding in the same manner as the original; or

(B) Information accessible through the Internet or through other electronic medium if the department determines that sufficient security is provided to ensure compliance with this section.

(3) The department may allow the designated agent to charge a fee established by the department for each:

(A) Document authenticated, including each certified copy;

(B) Record accessed by the Internet or by other electronic medium; and

(C) Record provided to a financial institution.

(d) A person who knowingly releases or discloses information from the database for a purpose other than those authorized in this section or to a person who is not entitled to it is guilty of a class A misdemeanor, punishable only by fine.

(e) An insurer is not liable to any person for complying with § 56-7-1118 by providing information to the designated agent.



(f) Law enforcement agencies, financial institutions, the state, and the designated agent shall not be liable to any person for gathering, managing, or using the information in the database in accordance with § 56-7-1118 and this part.

**SECTION 7.**

(a) At the time application is made for reinstatement or renewal of registration of a motor vehicle after a revocation of the registration under this part, the applicant shall pay a registration reinstatement fee of one hundred dollars (\$100).

(b) The fee imposed under subsection (a) is in addition to any other fee imposed under this title.

**SECTION 8.** The department shall report to the general assembly by January 1, 2015, and every year thereafter, concerning implementation of the program and shall include within the report the findings and recommendations of the department regarding the effectiveness and efficiency of the program. Such report may be done in conjunction with any other report to the general assembly provided that such combined report meets the first day of January deadline.

**SECTION 9.** Tennessee Code Annotated, Title 56, Chapter 7, Part 11, is amended by adding the following language as a new, appropriately designated section:

**56-7-1118.**

(a) As used in this section:

(1) "Commercial motor vehicle insurance coverage" means an insurance policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage as determined by the department in accordance with title 4, chapter 5;

(2) "Department" means department of commerce and insurance; and

(3) "Designated agent" means the department of safety's designated agent selected in accordance with the Uninsured Motorist Identification Database Program as described in Section 4.

(b)

(1) Except as provided in subdivision (b)(2), each insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage under this chapter shall, before the seventh (7th) and twenty-first (21st) day of each calendar month, provide to the designated agent a record of each motor vehicle insurance policy in effect for vehicles registered in this state as of the previous submission that was issued by the insurer.

(2) Each insurer that issues commercial motor vehicle insurance coverage shall, before the seventh (7th) day of each calendar month, provide to the designated agent a record of each commercial motor vehicle insurance policy in effect for vehicles registered in this state as of the previous month that was issued by the insurer.

(3) No insurer is precluded from more frequent reporting.

(c)

(1) A record provided by an insurer under subdivision (b)(1) shall include:

(A) The name, date of birth, and driver license number, if the insured provides a driver license number to the insurer, of each insured owner or operator, and the address of the named insured;

(B) The make, year and vehicle identification number of each insured vehicle; and

(C) The policy number and effective date of each policy.

(2) A record provided by an insurer under subdivision (b)(2) shall include the named insured, the policy number, the effective date, and expiration date of each policy, and the following information, if available:

(A) The name, date of birth, and driver license number of each insured owner or operator, and the address of the named insured; and

(B) The make, year and vehicle identification number of each insured vehicle.

(3) Each insurer shall provide the information required by this subsection (c) by an electronic means or by another form accepted by the designated agent.

(d)

(1) In addition to the reporting requirements under subsection (b), each insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage under this chapter shall, upon request, provide to the designated agent, verification of whether or not a motor vehicle insurance policy is in effect for a specified vehicle.

(2) Each insurer shall provide the verification required by this subsection (d) using an electronic service established by the insurers, through the Internet, world wide web, or a similar proprietary or common carrier electronic system that:

(A) Is compliant with applicable industry standards;

(B) Is available twenty-four (24) hours a day, seven (7) days a week, subject to reasonable allowances for scheduled maintenance or temporary system failures; and

(C) Includes appropriate security measures, consistent with industry standards, to secure its data against unauthorized access and maintain a record of all information requests.

(e) The department may, following procedures set forth in title 4, chapter 5, assess a fine against an insurer of two hundred fifty dollars (\$250) for each day the insurer fails to comply with this section; provided, that if an insurer shows that the failure to comply with this section was inadvertent, accidental or the result of excusable neglect, then the department shall excuse the fine.

**SECTION 10.** The commissioners of revenue, safety, and commerce and insurance are authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

**SECTION 11.** This act shall take effect July 1, 2013, the public welfare requiring it.