

CHAPTER 221

MOTOR VEHICLES AND TRAFFIC REGULATION

HOUSE BILL 06-1178

BY REPRESENTATIVE(S) Butcher, Borodkin, Carroll M., Paccione, Green, Hoppe, and Pommer;
also SENATOR(S) Williams.

AN ACT

CONCERNING THE MOTORIST INSURANCE IDENTIFICATION DATABASE PROGRAM USED TO IDENTIFY PERSONS WHO OWN MOTOR VEHICLES THAT ARE NOT INSURED, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Repeal. 24-34-104 (37) (g), Colorado Revised Statutes, is repealed as follows:

24-34-104. General assembly review of regulatory agencies and functions for termination, continuation, or reestablishment. (37) The following agencies, functions, or both, shall terminate on July 1, 2006:

(g) ~~The motorist insurance identification database program, created in section 42-7-604, C.R.S.;~~

SECTION 2. Repeal. 10-4-615 (6), Colorado Revised Statutes, is repealed as follows:

10-4-615. Motorist insurance identification database program - reporting required - fine. (6) ~~This section is repealed, effective July 1, 2006, unless the motorist insurance identification database program created in section 42-7-604, C.R.S., is extended by the general assembly beyond such date.~~

SECTION 3. Repeal. 42-7-301.5 (4), Colorado Revised Statutes, is repealed as follows:

42-7-301.5. Proof of financial responsibility. (4) ~~This section is repealed, effective July 1, 2006, unless the motorist insurance identification database program~~

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

~~created in section 42-7-604 is extended by the general assembly beyond such date.~~

SECTION 4. Repeal. 42-4-1410 (3), Colorado Revised Statutes, is repealed as follows:

42-4-1410. Proof of financial responsibility required - suspension of license.

~~(3) This section is repealed, effective July 1, 2006, unless the motorist insurance identification database program created in section 42-7-604 is extended by the general assembly beyond such date.~~

SECTION 5. 42-3-304 (1) (c), Colorado Revised Statutes, is amended to read:

42-3-304. Registration fees - passenger and passenger-mile taxes - clean screen fund - repeal. (1) (c) This subsection (1) is repealed, effective July 1, 2008 2007, unless the motorist insurance identification database program created in section 42-7-604 is extended by the general assembly beyond such date.

SECTION 6. 42-7-609, Colorado Revised Statutes, is amended to read:

42-7-609. Repeal of sections. Sections 42-7-603 to 42-7-607 and this section are repealed, effective July 1, 2006. Prior to such repeal, the department of regulatory agencies shall review the motorist insurance identification database program, created in section 42-7-604, pursuant to section 24-34-104, C.R.S. In its review, the department shall consider whether, since the inception of the program, the rate of uninsured drivers has decreased; the number of letters sent pursuant to section 42-7-604 (5) (c) (II), and their effect on the rate of uninsured drivers; the degree to which law enforcement uses the motorist insurance identification database; and the use and effectiveness of the internet option required pursuant to section 42-7-604 (5) (c) (I). ~~In conducting its review pursuant to section 24-34-104, C.R.S., the department shall only consider subparagraphs (I), (II), (IV), and (IX) of paragraph (b) of subsection (9) of such section.~~ THE DEPARTMENT OF REVENUE SHALL SUBMIT A REPORT, IN CONSULTATION WITH THE DIVISION OF INSURANCE, REGARDING THE EFFECTIVENESS OF THE MOTORIST INSURANCE DATABASE, INCLUDING WITHOUT LIMITATION THE DEPARTMENT'S RECOMMENDATIONS ON WHETHER THE PROGRAM SHOULD BE CONTINUED AND ON WHETHER ENFORCEMENT MECHANISMS SHOULD BE INSTITUTED OR CHANGED. THE REPORT SHALL BE SUBMITTED TO THE HOUSE BUSINESS AFFAIRS AND LABOR COMMITTEE OF THE GENERAL ASSEMBLY BY JANUARY 1, 2008.

SECTION 7. 42-7-604 (4) (a) and (5) and the introductory portion to 42-7-604 (6), Colorado Revised Statutes, are amended to read:

42-7-604. Motorist insurance identification database program - creation - administration - selection of designated agent - legislative declaration.

~~(4) (a) Not later than January 1, 1998, The department shall MONITOR COMPLIANCE WITH THE FINANCIAL SECURITY REQUIREMENTS OF THIS ARTICLE AND MAY contract with a designated agent that shall TO monitor SUCH compliance with the financial security requirements of this article. except that the department shall not enter into any contract under this subsection (4) unless at least two entities bid on said contract.~~ IF THE DEPARTMENT CONTRACTS WITH A DESIGNATED AGENT, THE AGENT SHALL BE AUTHORIZED TO PERFORM ALL FUNCTIONS OF THE DEPARTMENT

DELEGATED TO THE AGENT IN THE CONTRACT.

(5) (a) ~~Not later than January 1, 1999;~~ The DEPARTMENT OR ITS designated agent, using its own computer network, shall develop and maintain a computer database with information provided by:

(I) Insurers, pursuant to section 10-4-615, C.R.S.; except that any person who qualifies as self-insured pursuant to section 10-4-624, C.R.S., shall not be required to provide information to the ~~designated agent~~ DEPARTMENT; and

(II) The department that shall provide the designated agent with the name, date of birth, address, and driver's license number of all persons in its computer database ~~and~~ COMPARE the make, year, and vehicle identification number of all registered vehicles TO POLICY INFORMATION PROVIDED BY INSURERS.

(b) The department shall establish guidelines for the development and maintenance of a database so that ~~said~~ THE database can easily be accessed by state and local law enforcement agencies. ~~Such access shall be within procedures already established and shall not require additional computer keystrokes by dispatch or law enforcement personnel or any other additional procedures.~~

(c) The ~~designated agent~~ DEPARTMENT shall:

(I) Provide an internet option that allows ~~citizens, county clerks, and~~ insurers and their agents, including commercial insurers, to submit insurance information directly to the designated agent. ~~Such information shall be verified by the designated agent.~~ Each insurer shall cooperate with the ~~designated agent's~~ verification process.

(II) Provide a reasonable and adequate quality control process to ensure the accurate input of data, including the vehicle identification numbers and insurance information; ~~provided to such designated agent.~~

(III) ~~Upon receipt of information that a vehicle has been operated on public highways or streets and uninsured under the same owner for a period of sixty consecutive days or in compliance for a subsequent violation of section 42-7-605 (1), send a letter of noncompliance to such owner pursuant to section 42-7-605 (1). Such letter shall state in bold-faced type in the same font as the rest of the letter that the owner of the vehicle is responsible for providing proof of insurance to the designated agent and that such proof shall not be transmitted by the department or by the county clerk or other local official.~~

(IV) Provide the department of revenue access to the designated agent's database ~~of insurance information in order to provide~~ each county clerk access to the most currently available data FROM THE DATABASE OF INSURANCE INFORMATION.

(6) ~~Not later than January 1, 1999;~~ The ~~designated agent~~ DEPARTMENT shall, at least ~~monthly~~ WEEKLY:

SECTION 8. Repeal. 42-7-605, Colorado Revised Statutes, is repealed as follows:

42-7-605. Notice of lack of financial responsibility. ~~(1) (a) If the comparison made pursuant to section 42-7-604 (6) (b) shows that a motor vehicle, which has not been exempted under section 42-3-304 (1) (b), has not been insured for sixty days, the department of revenue shall direct the designated agent to notify the owner of the motor vehicle that said owner has forty-five days to provide the designated agent with one of the following, or said owner's registration will be subject to immediate administrative suspension after the expiration of said forty-five-day period:~~

~~(I) Proof of complying coverage in accordance with section 10-4-619, C.R.S., or of self-insurance in accordance with section 10-4-624, C.R.S.; or~~

~~(II) Proof of exemption from the financial security requirements.~~

~~(b) If the comparison made pursuant to section 42-7-604 (6) (b) shows that a motor vehicle, which has not been exempted under section 42-3-134 (1) (b), has not been insured for the second time within five years after the first determination for two consecutive months, the department of revenue shall direct the designated agent to notify the owner of the motor vehicle that said owner has twenty days to provide the designated agent with one of the following, or said owner's registration will be subject to immediate administrative suspension after the expiration of said twenty-day period:~~

~~(I) Proof of complying coverage in accordance with section 10-4-619, C.R.S., or of self-insurance in accordance with section 10-4-624, C.R.S.; or~~

~~(II) Proof of exemption from the financial security requirements.~~

~~(c) If the comparison made pursuant to section 42-7-604 (6) (b) shows that a motor vehicle, which has not been exempted under section 42-3-134 (1) (b), has not been insured for the third or subsequent time within five years after the first determination for one month, the department of revenue shall direct the designated agent to notify the owner of the motor vehicle that said owner has ten days to provide the designated agent with one of the following, or said owner's registration will be subject to immediate administrative suspension after the expiration of said ten-day period:~~

~~(I) Proof of complying coverage in accordance with section 10-4-619, C.R.S., or of self-insurance in accordance with section 10-4-624, C.R.S.; or~~

~~(II) Proof of exemption from the financial security requirements.~~

~~(2) Any person who steals a license plate shall be in violation of section 42-5-104 (2) (a):~~

~~(3) A letter from an insurer or agent verifying that the person had the required motor vehicle insurance coverage on the date specified shall be considered proof of financial responsibility for purposes of this section. Such letter may be mailed to the department:~~

~~(4) The provisions of this section shall take effect not later than January 1, 1999.~~

~~(5) Prior to the reinstatement of any motor vehicle registration that has been suspended pursuant to subsection (1) of this section, the owner of such motor vehicle shall provide to the department proof of insurance coverage in accordance with section 10-4-619, C.R.S., proof of self-insurance in accordance with section 10-4-624, C.R.S., or proof of an exemption from any such financial security requirements.~~

SECTION 9. The introductory portion to 42-7-606 (1) and 42-7-606 (1) (a), Colorado Revised Statutes, are amended to read:

42-7-606. Disclosure of insurance information - penalty. (1) Information provided to the designated agent by insurers and the department for inclusion in the database established pursuant to section 42-7-604 is the property of the insurer or the department, as the case may be, and may not be disclosed except as follows:

(a) The ~~designated agent~~ DEPARTMENT shall verify a person's insurance coverage upon request by any state or local government agency investigating, litigating, or enforcing such person's compliance with the financial security requirements.

SECTION 10. 10-4-615 (1) and (5), Colorado Revised Statutes, are amended to read:

10-4-615. Motorist insurance identification database program - reporting required - fine - repeal. (1) (a) Each insurer that issues a policy pursuant to this part 6 shall provide to the ~~designated agent selected in accordance with section 42-7-604 (4), C.R.S.;~~ DEPARTMENT OF REVENUE a record of each policy issued during the immediately preceding period. Such record shall comply with the requirements of subsections (2) and (3) of this section. ~~except as may otherwise be provided for commercial lines of insurance in rules adopted by the department.~~ This subsection (1) shall not be construed to prohibit more frequent reporting. Such policy information shall be provided to the ~~designated agent~~ DEPARTMENT as follows:

(I) ~~Prior to January 1, 2004, each insurer shall provide such policy information before the seventh working day of each calendar month for the preceding month.~~

(II) ~~Beginning January 1, 2004, each insurer that has ten thousand or more current policies in place for the preceding six months shall provide such policy information in each of twenty-six reporting periods for the immediately preceding two-week period. Such information shall be reported no later than seven working days after the last date of the report period.~~

(III) ~~Beginning July 1, 2004, Each insurer with any policies in place for the preceding six months shall provide such policy information every week for the immediately preceding week. Such information shall be reported no later than seven working days after the last date of the week reported on.~~

(b) ~~Beginning January 1, 2004, Each insurer shall provide policy information on all existing policies issued by such insurer to the designated agent DEPARTMENT at least every six months. The designated agent DEPARTMENT and the working group created in section 42-7-604 (4) (b), C.R.S., shall determine if any new means of~~

transmittal of such information may be utilized. Each insurer shall provide information regarding changes to existing policies to the ~~designated agent~~ DEPARTMENT at the time of receipt of such information.

~~(5) This section is effective thirty days after notification is given by the designated agent, but not later than January 1, 1998.~~

SECTION 11. 42-3-105 (1) (d) (I), Colorado Revised Statutes, is amended to read:

42-3-105. Application for registration - tax. (1) (d) (I) The department or its ~~designated~~ AUTHORIZED agents shall not register a motor vehicle unless the applicant has a complying motor vehicle insurance policy pursuant to part 6 of article 4 of title 10, C.R.S., or a certificate of self-insurance in full force and effect as required by sections 10-4-619 and 10-4-624, C.R.S. The requirements of this paragraph (d) apply only to motor vehicles classified as Class C personal property under section 42-3-106 (1) (c), to light trucks that do not exceed sixteen thousand pounds empty weight, ~~and that are not insured through a commercial line of insurance,~~ and to sports utility vehicles that are classified as Class B personal property under section 42-3-106 (1) (b). The applicant shall provide the department or its ~~designated~~ AUTHORIZED agents with the proof of insurance certificate or insurance identification card provided to the applicant by the applicant's insurer pursuant to section 10-4-604.5, C.R.S., or provide proof of insurance in such other media as is authorized by the department. Nothing in this paragraph (d) shall be interpreted to preclude the department from electronically transmitting insurance information to designated agents pursuant to section 42-7-604 for the purpose of ensuring compliance with mandatory insurance requirements.

SECTION 12. Appropriation - adjustments in 2006 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act to the department of revenue for the fiscal year beginning July 1, 2006, shall be adjusted as follows:

(a) The cash funds exempt appropriation to the executive director's office is reduced by sixty-four thousand six hundred thirty-six dollars (\$64,636). Said sum shall be from the motorist insurance identification account created pursuant to section 42-3-304 (18) (d) (I), Colorado Revised Statutes.

(b) The cash funds exempt appropriation to the motorist insurance identification database program, in the division of motor vehicles, for personal services is reduced by nine hundred forty-two thousand eight hundred nine dollars (\$942,809) and 7.0 FTE. Said sum shall be from the motorist insurance identification account created pursuant to section 42-3-304 (18) (d) (I), Colorado Revised Statutes.

(c) The cash funds exempt appropriation to the motorist insurance identification database program, in the division of motor vehicles, for operating expenses is reduced by sixteen thousand dollars (\$16,000). Said sum shall be from the motorist insurance identification account created pursuant to section 42-3-304 (18) (d) (I), Colorado Revised Statutes.

SECTION 13. Effective date. This act shall take effect July 1, 2006.

SECTION 14. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 25, 2006