

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1323  
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### Overview

This bill establishes a new mechanism for verifying mandatory automobile insurance coverage, under a real-time online system to be designed and maintained by the Department of Public Safety. Among its provisions, the bill provides for rulemaking to establish the system, sets various system design and administrative requirements, authorizes use of the system to verify auto insurance, and mandates a legislative report.

**1 Reports confidential; evidence, fee, penalty, appropriation.** Makes a conforming change, to modify certain accident report information sharing related to vehicle insurance.

**2 [169.7962] Online verification system.**

**Subd. 1. Rulemaking.** Directs the Department of Public Safety (DPS) to adopt administrative rules for a new online auto insurance verification system.

**Subd. 2. Status.** Makes the new auto insurance verification system the sole system for verifying insurance information.

**Subd. 3. Operation.** Sets requirements for design of the new system, including Internet-based communication capability, compliance with certain insurance industry standards, system accessibility for law enforcement and state agencies, data security, transaction recordkeeping, and some information to be contained in the system.

**Subd. 4. Response time.** Sets requirements for timeliness of information sharing.

**Subd. 5. Department's powers.** Authorizes DPS to suspend or revoke registration on a motor vehicle that the department has reason to believe is being operated without insurance.

**Subd. 6. Consultation.** Requires consultation with the insurance industry on design of the new system.

**Subd. 7. Guide.** Requires DPS to publish a guide to the new system.

**Subd. 8. Contacts.** Requires DPS and any firm contracted to create the new system to each

designate a contact person for insurers.

**Subd. 9. Verification and related administrative provisions.** Establishes procedures for insurance verification and information provided by insurers to the department.

**Subd. 10. Compliance.** Requires insurers doing business in Minnesota comply with the requirements for the new system.

**Subd. 11. Record keeping.** Mandates that insurers keep a minimum six-month record of information requested from the system.

**Subd. 12. Immunity.** Provides civil liability immunity for insurers who make good faith efforts to comply with the requirements of the new system.

**Subd. 13. Nonapplication.** Exempts commercial auto coverage from the requirements of the new system, and allows for voluntary participation.

**Subd. 14. Authority to contract.** Clarifies that DPS has authority to contract with a private vendor or vendors to establish the new system.

**Subd. 15. Fees; appropriation.** Authorizes DPS to impose a fee, in an amount to be determined, for each new and renewed vehicle registration. Makes a statutory appropriation of the funds to DPS for developing and maintaining the new insurance verification system.

- 3 Report on effectiveness.** Mandates a legislative report from DPS on the costs, benefits, and effectiveness of the new insurance verification system, due no more than six months after the system has been implemented for two years. Requires consultation with law enforcement, state agencies, and insurers in developing the report.
- 4 Effective date; application; testing and pilot period.** Makes the provisions in the bill effective August 1, 2011, and requires that the new insurance verification system have a pilot period of at least nine months and be fully operational by August 1, 2012. Prevents law enforcement based on the system until after the pilot period is completed.