

HCS HB 735 -- UNINSURED MOTORISTS

SPONSOR: Yates

COMMITTEE ACTION: Voted "do pass" by the Committee on Insurance Policy by a vote of 8 to 3.

This substitute establishes the Uninsured Motorist Stipulation of Benefits Act of 2009. An uninsured motorist involved in an accident with a complying policyholder will be subject to a 100% reduction of recovery for noneconomic damages. The reduction will not apply if it can be proven that the insured motorist caused the accident while under the influence of drugs or alcohol or if the insured motorist is convicted of vehicular assault or homicide. Passengers in the uninsured motor vehicle will not be subject to the waiver. The substitute will not apply to a motorist whose insurance policy was terminated for failure to pay the premium unless notice of termination for failure to pay was provided by the insurer at least 30 days prior to the accident.

Any person who knowingly or intentionally produces, manufactures, sells, or distributes a fraudulent insurance identification card will be guilty of a class D felony. A person who is knowingly or intentionally in possession of a fraudulent insurance identification card will be guilty of a class B misdemeanor and if in an accident with a complying policyholder will be subject to a 100% reduction of recovery for noneconomic losses. Any person who owns or operates a motor vehicle under the influence of drugs or alcohol and is in an accident will be subject to a 100% reduction of recovery for noneconomic losses.

If a motor vehicle owner fails to maintain financial responsibility as required in Section 303.160, RSMo, the owner will be guilty of a class B misdemeanor for a first offense and a class A misdemeanor for a subsequent violation and will have his or her motor vehicle impounded and driver's license suspended until proof of financial responsibility is provided. The substitute allows the departments of Public Safety and Revenue to enter into agreements with local law enforcement agencies to collect and return to the Department of Revenue suspended or revoked driver's licenses, motor vehicle registrations, and motor vehicle license plates. If financial responsibility is not maintained, the vehicle owner must surrender the vehicle license plate and registration certificate to the Department of Revenue within five days after loss of financial responsibility.

In its discretion, the Department of Revenue can authorize automobile insurers to use alternative methods to provide notice of cancellation, refusal to renew, new policies written, and renewals to the department for individuals whose financial

responsibility is through insurance coverage. A registration certificate cannot be reissued until satisfactory evidence of financial responsibility has been filed. The substitute establishes an appeal process for individuals who at the time of suspension have maintained financial responsibility.

Upon proof of financial responsibility, a reinstatement fee of \$200 must be paid by a vehicle owner who has not voluntarily surrendered his or her license plates and registration certificate. Any person who willfully fails to return his or her license plates and registration certificate will be guilty of a misdemeanor and will be punished as follows:

- (1) For a first offense, a fine of not less than \$100 but no more than \$200, or a 30-day imprisonment;
- (2) For a second offense, a fine of \$200, a 30-day imprisonment, or both; and
- (3) For a third or subsequent offense, imprisonment for not less than 45 days but no more than six months.

A \$5 fine payable to the Department of Revenue is established for every day in which there is a lapse in the required financial responsibility. The total amount of the fine cannot exceed \$200 for a first offense.

The substitute repeals the provisions regarding proof of financial responsibility notification, suspension, and hearings in Sections 303.041 and 303.042.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$3,430,011 in FY 2010, \$3,364,234 in FY 2011, and \$3,465,162 in FY 2012. Estimated Income on Other State Funds of \$385,650 in FY 2010, \$462,780 in FY 2011, and \$462,780 in FY 2012.

PROPOSERS: Supporters say that the bill deters people from driving illegally, protects people on the state's roads, can decrease automobile insurance costs, and addresses the issue of fraudulent insurance cards.

Testifying for the bill were Representative Yates; Jim Rice; Bill Bradt; State Farm Insurance Companies; The Travelers Companies, Incorporated and Subsidiaries; American Insurance Association; Missouri Insurance Coalition; Farmers Insurance Company; Harry Gallagher, Property Casualty Insurers Association of America; and Larry Case, Missouri Association of Insurance Agents.

OPPOSERS: Those who oppose the bill say it will only affect a small class of people, won't benefit those with insurance, and

should have a cap for noneconomic damages.

Testifying against the bill was Missouri Association of Trial Attorneys.