HB 278 Study Group Briefing Packet, May, 2013

RANDOM SELECTION PROGRAM INFORMATION

BACKGROUND

Ohio's current Financial Responsibility Law (effective October 20, 1995) mandated the establishment of a Random Selection program for verification of insurance or other forms of financial responsibility.

The Random Selection Program was implemented by the Bureau of Motor Vehicles on December 7, 1998, in accordance with Section 4509.101 of the Ohio Revised Code. Individuals whose vehicles are selected at random by a computer are required to provide either proof of insurance for a specific date, or documentation showing that the vehicle should be exempted from the program. If they do not submit acceptable documentation, their driving and registration privileges are suspended.

Section 4509.101 (A)(1) of the Ohio Revised Code states in part, that "….no person shall operate or permit the operation of a motor vehicle in this state, unless proof of financial responsibility is maintained continuously throughout the registration period with respect to that vehicle…." The law further requires that a person be able to verify this proof of financial responsibility under a variety of circumstances, including those stated in 4509.101 (A) (3) (c), "….Whenever, in accordance with rules adopted by the registrar, the person is randomly selected by the registrar and requested to provide such verification…."

PROCESS

Every week, using an algorithmic formula to insure randomness, approximately 10,000 passenger and non-commercial vehicles are selected from the Bureau's vehicle registration files. There is only one qualifier in this initial selection process. If a vehicle has been selected within the past eighteen months, it is not in the records group to be selected again until the eighteen month period is completed.

This computer file of 10,000 vehicles is then cross checked with the Bureau's operator license files. Records are dropped if any discrepancies exist between the two files, such as differences in names or social security numbers.

A final weekly file of 5400 vehicles is sent electronically to the Bureau's subsidiary office administering the program. This office prints and mails the Notice Requiring Proof of Insurance. The date used for proof of coverage is two days prior to the mailing date of the Bureau's Notice.

The subsidiary office staffs a toll free telephone line from 8 a.m. to 6 p.m. Monday through Friday, and 8 a.m. to 2 p.m. Saturday to answer questions concerning the program.

Individuals selected for this program are given twenty-one days to respond to the initial request for proof of insurance. The Bureau then allows approximately ten additional days before the first Notice of Suspension is mailed out. During this first program phase of approximately 31 days, from the original file of 5400 approximately 4300 responses will be received. Responses with correct insurance information result in the cancellation of a pending suspension case. These individuals receive an acknowledgment notice, mailed by the subsidiary office, thanking them for their prompt response.

Responses with inadequate information (e.g. insurance card with wrong dates or wrong vehicle) are sent a follow-up request for verification (BMV form 3308), but this does not delay any phase of the process. .

The First Notice of Suspension allows an additional sixty days to provide proof of insurance before any suspension actually takes effect. The subsidiary office continues to process mail and telephone responses.

If an adequate response to the First Notice of Suspension is not received within thirty days of the mailing of that Notice, a Second Notice of Suspension is sent via certified mail. This final Notice still allows approximately 30 days before the suspension takes effect.

Once the Second Notice of Suspension is mailed, the original file of 5400 registrations that was electronically sent to the subsidiary office is returned electronically to the Bureau's main office. The file shows which pre-suspension cases have been deleted and which ones should be entered into the Bureau's main computer system as pending suspensions. It also gives information on address changes and information on files in which mail has been returned with no forwarding address.

If a Request for Verification of Insurance or a First Notice of Suspension is returned by the Post Office with a forwarding address, the Notice is re-mailed to the proper address. If the certified Second Notice of Suspension is returned without signature, the suspension still proceeds. A significant number of individuals do not claim the certified mail document.

After receipt of the returned file, the Bureau's main office takes the responsibility for processing all written responses, canceling cases when proper proof is received and providing telephone information. Because the subsidiary office will still receive adequate insurance information from some individuals after the Bureau takes over the process, the subsidiary office sends a daily delete file to the Bureau to cancel any pending or open suspensions relating to this receipt of late information.

EXEMPTIONS

A vehicle can be exempted from the Random Selection Program for a variety of reasons which meet the mandates of the law. These include inoperable vehicles, seasonal vehicles and vehicles in storage. However, an individual cannot cease driving a vehicle and claim an exemption. In State ex Rel. Wright v. Registrar, Ohio Bureau of Motor Vehicles, 87 Ohio St. 3d, 718 N.E.2d 908 (1999), the Supreme Court decided motor vehicles that remain operable cannot be voluntarily placed out of service by the owner by simply not driving so that the owner would be exempt from financial responsibility requirements for vehicle registration and driving privileges.

Inoperable Vehicle

If a vehicle is uninsured because it is inoperable, and has been so for at least thirty days prior to the selection date, the Bureau will consider a signed statement from an auto shop, garage, dealership service section, etc. on company letterhead stating that the vehicle was inoperable for the minimum thirty day period prior to the selection date. The Bureau will also consider a combination of documents such as receipts for parts, a receipt from a towing company, photographs clearly show the vehicle's inoperable condition, a signed statement from law enforcement officials, or other verifiable documentation. The Bureau reserves the right to verify this information and in some cases will send an investigator to check the vehicle, repair shop files, etc. Repairs should be for a disabling condition. Repairs for items considered "routine maintenance"

such as batteries, brakes, belts, etc. cannot be used as proof of inoperability. If receipts are dated more than 90 days prior to the date of Random Selection, we would require proof of insurance up to the time the car was disabled, and current information explaining why the car has not been repaired. If receipts are dated less than 30 days prior to the date of Random Selection, the Bureau would need to receive proof of insurance up to the date the vehicle was disabled.

Vehicle Sold or Traded Prior to the Date of Random Selection

If the vehicle was sold or trade prior to the Random Selection date, an individual may submit a copy, front and back, of the notarized title as proof of the sale, or a copy of the sales contract of the new vehicle showing the trade-in. Or, an individual may submit a notarized statement, listing the date of the sale and the name of the buyer. This information must be verified by the Bureau.

Seasonal Vehicle

In the cases of seasonal vehicles, the Bureau will accept a letter from an individual's insurance agent, stating that the vehicle has a history of being driven seasonally and carries liability insurance only when in use.

Stored Vehicle

For vehicles in storage, the Bureau requires receipts from a paid storage facility.

Vehicles Owned by Military Personnel

Military personnel stationed outside of Ohio are exempt from the Random Selection Program. If selected, in lieu of insurance documentation they may provide a copy of their orders or other official documentation to delete the case. The exemption does not apply to family members.

Incarcerated Individuals

Incarcerated individuals may be exempt from the Random Selection Program. If selected, they must provide a letter from the Correctional Facility or other official documentation to delete the case. If the license plate of the vehicle was renewed during their term of incarceration, the vehicle is considered to be in use by a family member or another individual and will not be exempted from the program.

Medical

Individuals with medical problems are not exempt from the Random Selection Program, because a family member or other individual may be using the vehicle.

Administrative Hearing/Additional Information

If an individual cannot provide adequate documentation for an exemption from the Random Program, that person may request an administrative hearing. The request must be made during the five month period between the mailing of the First Notice of Suspension until the conclusion of the ninety day suspension. The request for hearing must be made in writing, must include a copy of the Notice of Suspension and must include a thirty dollar ($30) check or money order for the hearing fee, made payable to "Treasurer, State of Ohio." The Bureau cannot accept cash.

The hearing is limited to whether the vehicle owner had insurance or other financial responsibility coverage on the required proof of coverage date, or whether the vehicle was inoperable, sold or seasonal. The Hearing Examiner cannot grant any driving privileges during the suspension. However, the individual may apply for driving privileges with the court.

When an individual is placed under suspension as a result of the Random Selection Program, a notation is placed on the driving record directing the officer to issue a citation for driving under suspension, but not to arrest the individual or impound the vehicle. This notation is on the LEADS system, which is used nationwide.

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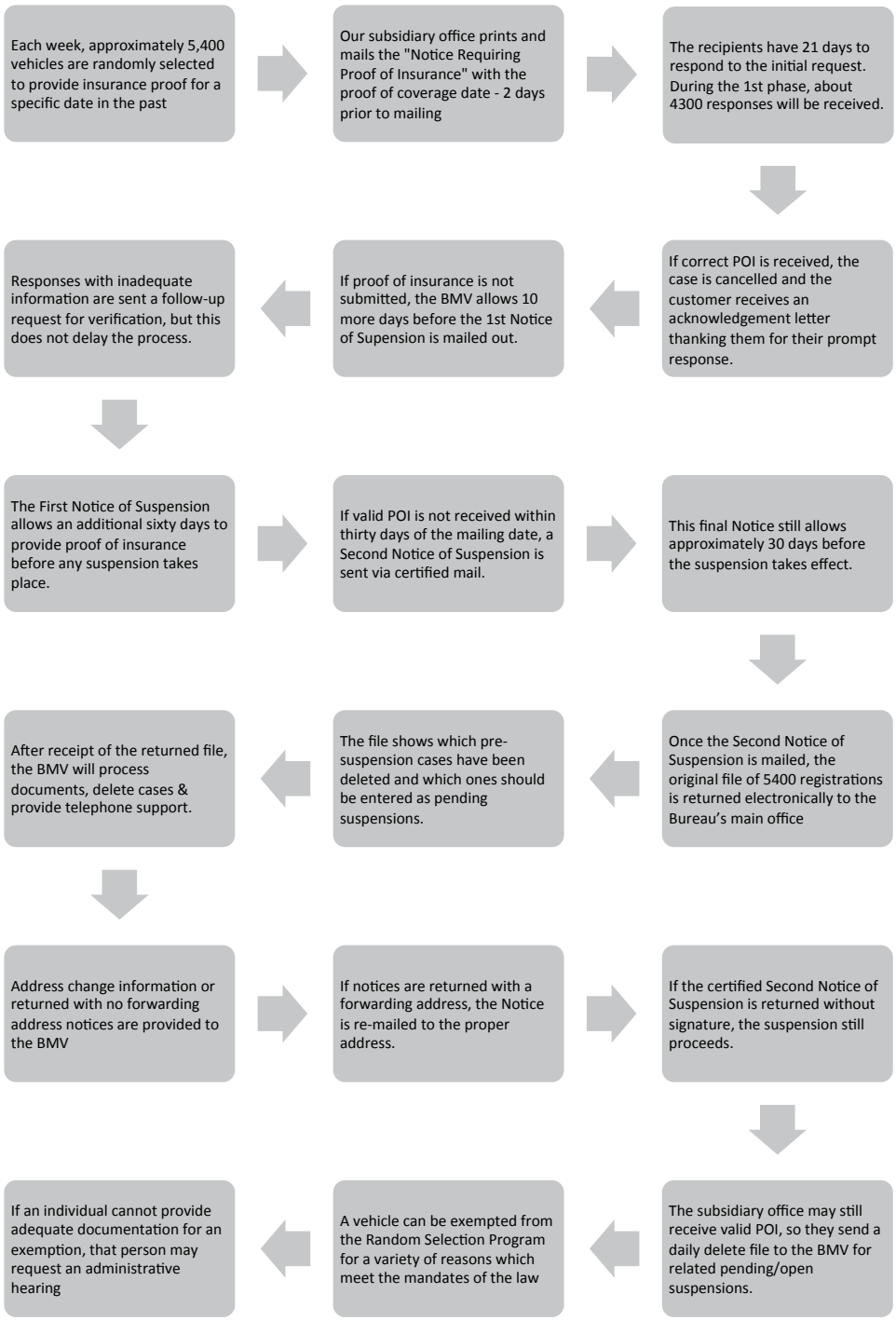
Diagram: Random Selection Process Flow



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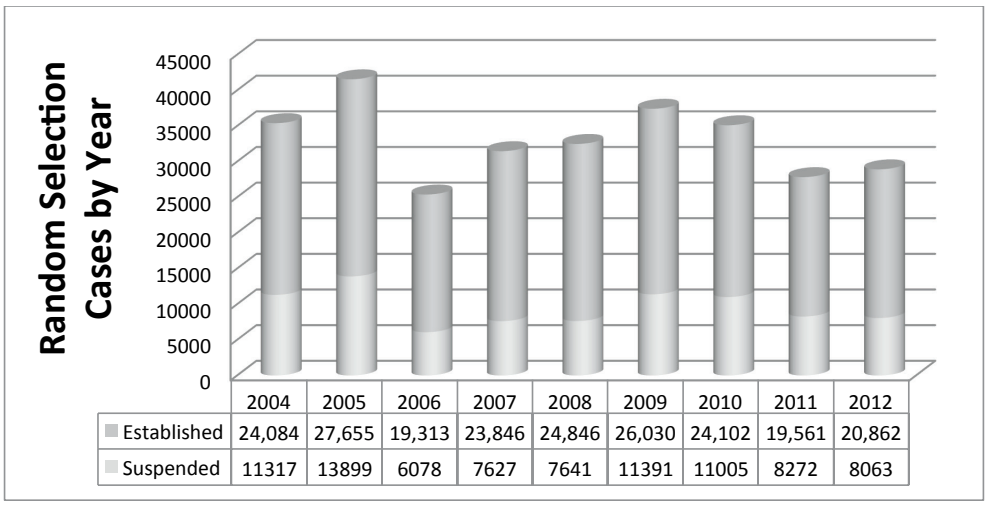
STATISTICS: RANDOM SELECTION CASES BY YEAR



With the exception of 2006, when the Ohio Bureau of Motor Vehicles changed vendors for the Random Selection Program, approximately 280,000 Ohio drivers are randomly selected for insurance verification annually. The chart above reflects the number of Random Selection cases that were established and the number of suspensions that actually resulted from those established cases. On average, less than half of the established cases result in suspensions each year. The amount of potential revenue generated (assuming all reinstatement fees were paid within that year and none of the suspensions would be deleted) would result in an average of $1,230,000 per year. The annual cost of the Random Selection program is $550,126*. The breakdown of annual costs for this program is as follows:

2011 Random Selection Program Costs	
280,000 Notices Requiring Proof of Insurance Mailed:	$226,240
64,000 First Notices of Suspension Mailed	$38,336
25,000 Second Notices of Suspension Mailed Certified	$164,750
208,000 Acknowledgment Letters Mailed	$119,600
Performance Bond (One Time Annual Cost)	$1,200
Total Annual Cost	$550,126

Cost Per Vehicle Selected: $1.96

∗ *The renewal of the contract for the next fiscal year has increased to $597,064, due to postage increases.*

Based on the information above, of the 280,000 individuals per year affected by the Random Selection program, approximately 270,000 individuals provided satisfactory proof of insurance. So, in an attempt to prevent uninsured drivers, almost 90% of the selected vehicle owners are abiding by the law.

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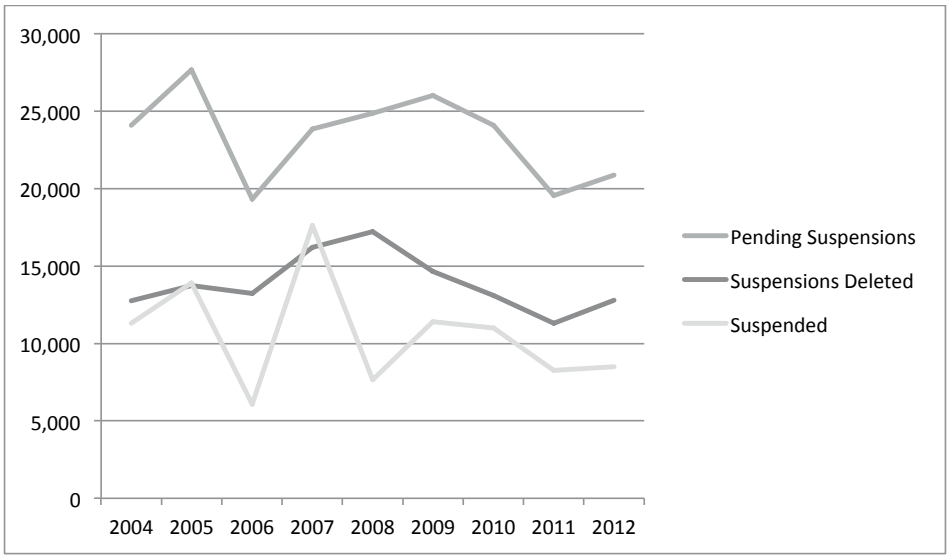
STATISTICS: RANDOM SELECTION SUSPENSIONS

Below is statistical information on the Random Selection process from 2004-2012.

Established		Deleted		Suspended	
2004	24,084	2004	12,767	2004	11,317
2005	27,665	2005	13,756	2005	13,909
2006	19,313	2006	13,235	2006	6,078
2007	23,846	2007	16,219	2007	7,627
2008	24,866	2008	17,205	2008	7,661
2009	26,030	2009	14,639	2009	11,391
2010	24,102	2010	13,097	2010	11,005
2011	19,561	2011	11,289	2011	8,272
2012	20,862	2012	12,799	2012	8,504



- The average annual contract cost for the Random Selection program is $550,000..
- Approximately 280,000 notices are mailed annually.
- Notices are only mailed to drivers with a "valid" driver license status. No notices are mailed to "suspended" drivers.
- Of the notices mailed, an average of 10,600 or 4% are suspended annually for failure to provide proof of insurance.
- Approximately 269,000 or 96% have and provide proof of insurance.
- Potential revenue for reinstatement fees of those suspended is $1,590,000.

STATISTICS: RANDOM SELECTION FEES COLLECTED

The reinstatement fee for a Random Selection suspension is $150.00. Below is the total amount of reinstatement fees collected for 2004 – 2012.

Year	Number of Suspensions	Reinstatement Fees Collected
2004	11,317	$730,141
2005	13,909	$1,167,532
2006	6,078	$1,098,411
2007	17,627	$1,132,476
2008	7,661	$1,252,662
2009	11,391	$1,363,903
2010	11,005	$1,546,848
2011	8,272	$1,193,656
2012	8,504	$1,232,494

ADDITIONAL VERIFICATION METHODS & TRAFFIC STATISTICS

In addition to the random selection process, insurance is verified by law enforcement at every traffic stop. The below chart details the total number of traffic *convictions* and resulting suspensions. (Please note that the total number of traffic *stops*, which would indicate the number of times Ohio driver's insurance was verified, would be higher.)

Year	Total Traffic Convictions	Traffic Convictions (Where Proof of Insurance Was Required)	Suspensions Resulting from Traffic Stops	Suspensions Resulting from Random Selection
2006	1,604,441	1,604,306	192,476	6,078
2007	1,606,000	1,605,849	190,532	17,627
2008	1,546,820	1,546,665	179,950	7,661
2009	1,454,369	1,454,296	164,718	11,391
2010	1,458,589	1,458,542	159,868	11,005
2011	1,400,585	1,400,523	155,628	8,272
2012	1,443,792	1,443,638	160,599	8,504

If the driver is unable to provide proof of insurance at the traffic stop, the courts are required to verify proof of financial responsibility when the ticket is paid or at the time of court appearance. Finally, the BMV is tasked with verifying insurance if it receives notice from the courts that insurance has not been previously verified.

MEETINGS NOTES

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, June 12, 2013, 10 am- 1 pm
Location:	1970 West Broad St., Columbus, Conference Room C5-5
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee Members:	Don Petit, Asst. Registrar
	Jillian Froment, Asst. Director
	Sen. Frank LaRose, (R-Copley)
	Rep. Kristina Roegner (R-Hudson)
	Mr. Chad Aronson (On behalf of Rep. O'Brien)
	Mr. Dan Kelso (Ohio Insurance Institute)
	Mr. John Koetz (W.E. Davis Insurance)
	Col. Chad Dennis (Licking Co. S.O.)
	Clerk Daniel Horrigan (Summit Co.)
Absent:	Sen. Edna Brown, (D-Toledo)
	Chief Bruce Pijanowski (Delaware P.D.)
	Judge Ken Spanagel (Parma Municipal Court)
Attendees:	Scott Keller, PASCO
	Tim Fisher, Suspensions and Licensing BMV
	Carolyn Mangas represents PIAA
	Adele Rapelye, Compliance

1. Meeting brought to order 10:10 am opening remarks by Director Tom Charles.
2. Current Programs:
   Tim Fisher passed out copies of information pertaining to Senate Bill 20 that was passed in 1995. Random Verification Process was also included in this information. Random Verification started in December 1998 showing a range of uninsured drivers from 4.5-28%. Also presented was information from the BMV Database currently showing 7.7 million drivers in Ohio with 1.1 million active Non-compliance suspensions. A three step process was explained by Tim Fisher to the committee members. Topics were discussed as well as exemptions of the Random Verification Program.
   Committee members engaged in a question and answer and general discussion on the process. Exchanged ideas regarding potential enhancements and requested additional research and data.
   Action: Tim Fisher will follow up on statistics and resources and report at next meeting.
3. Review of Agenda: Chairperson
   After further review of the Survey questions, members engaged in further discussion.
4. Survey Questions:
   Nine survey questions were reviewed by the members that are to be presented to other States to gain more information on the recourses they currently use for Financial Responsibility Verification. These questions were discussed in depth and a decision was made to move forward. Additional questions will be added to gain more information.
   AAMVA will also be used as a source to gain information from these questions.

Action: Chairperson will work with BMV Special Operations to ensure additional questions are added to the Survey. Follow-up will also be done to get survey questions on AAMVA website.

5. EIVP-Electronic Insurance Verification Program
   Committee members discussed the benefit of having a verification process that was electronic and required minimal information. This topic brought forth many questions and concerns involving processes that are in place in other states as well as outcome. As a solution recommendations were presented by Senator LaRose to have proof of insurance presented at the Deputy Registrar locations upon renewal of License or registration. This, as well as other methods of verification will be discussed in future meetings.
   Action: Committee members will gather more information from other States and present at next meeting.
6. Closing Remarks
   The Chairperson reviewed Actions to be taken by committee members. It was agreed by members to share contact information via email and the meeting was adjourned at 11:18 am.
7. Next Meeting
   Next meeting will be held on July 10, 2013 at 10:00 am at 1970 West Broad Street, Columbus in Conference Room C5-5.

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, July 10, 2013, 10 am - 1 pm
Location:	1970 West Broad St., Columbus, Ohio in Conference Room C 4 1&2
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee Members:	Don Petit, Asst. Registrar (Chairperson)
	Jillian Froment, Asst. Director (Co-Chair)
	Bret Wiseman (On behalf of Sen. Frank LaRose, R-Copley)
	Jenna Beadle (On behalf of Rep. Kristina Roegner, R-37th District)
	Mr. Chad Aronson (On behalf of Rep. Sean O'Brien D-63rd District)
	Mr. Dan Kelso (Ohio Insurance Institute)
	Mr. John Koetz (W.E. Davis Insurance)
	Col. Chad Dennis (Licking Co. S.O.)
	Clerk Daniel Horrigan (Summit Co.)
	Chief Bruce Pijanowski (Delaware P.D.)
Absent:	Sen. Edna Brown, (D-Toledo)
	Judge Ken Spanagel (Parma Municipal Court)
Attendees:	George Cooper (State Farm Underwriter Manager)
	Tim Fisher, Suspensions and Licensing BMV
	Carolyn Mangas represents PIAA
	Adele Rapelye, Compliance
	Patrick Foltyn
	Dean Fadel
	Greg Edwards, BMV Administrator Special Operations
	John Guldin, BMV Legal Counsel
	Jessica Torres BMV Special Operations (AAMVA Survey Results)

1. Meeting brought to order 10:08 am.
2. Dan Horrigan made a motion to approve the meeting minutes from June 12, 2013; Col. Chad Dennis seconded the motion. The committee approved the motion.
3. Current Programs:
4. Tim Fisher began the meeting with follow up from June 12, 2013 regarding statistics on the Random Verification Process.
   Committee members asked where Ohio came up with the uninsured motorist rate? Tim Fisher responded the stats were from the Insurance Research Council in conjunction with AAMVA. As stated in the previous meeting, numbers are subject to change up to 5% either direction based on the current economy and amount of time between gathered data.
5. The Random Verification process now has 280,000 mailings going out to motorist every year to verify insurance, 96% of these are compliant, they actually have insurance, and only 4% do not. There are over 11.8 millions registered vehicles in the State of Ohio, with 8.9 million licensed drivers. The non-compliant insured rate now shows at 4%.
6. Don Petit opens the floor to Jessica Torres to discuss AAMVA Survey Results put forth from the Committee at last meeting. The survey was to gain insight on other State's Electronic Verification Programs. Also, if the Program was implemented by the State or Third Party Vendor and how the program operates.

7. A 12 question survey was placed on the AAMVA website. Two surveys were recently placed on the website with the same topic. Committee members were shown a PowerPoint presentation of the 2013 results as well as the results from the other surveys. Percentages were displayed of how many States participated in the EIVP and their implementation processes. The costs that were incurred to implement the program and the accuracy and times of data collection were also presented.
8. Committee members engaged in a question and answer discussion on both survey results.
   The Survey will be extended to allow for more responses and will be discussed at the next meeting.
9. **Action:** Committee members agreed to gather more information from five of the top states that were demonstrated on the survey: Alabama (IICMVA Model), Utah (real time reporting), and New York (added enhancements to their projects; check on costs in building their system), South Carolina, and California.
10. Ohio Insurance Institute introduces Guest Speaker George Cooper who is the Underwriting Manager for State Farm Insurance and is responsible for the Insurance Verification Program on a country-wide basis. He is also the Vice Chair of the Insurance Industry Committee on Motor Vehicle Administration.
11. Mr. Cooper offered a handout to committee members that presented challenges of the Electronic Insurance Verification Program as well as any Verification Program used by the States. Discussion was brought forth on these challenges of inconveniences to customers; Cost to consumers, insurance company and state implementation; as well as the accuracy of data reported from these programs. Random Verification, whether letter oriented or paper notification, was compared with electronic verification and their association with cost effectiveness and accuracy.
12. Committee members and Mr. Cooper engaged in a question and answer discussion.
13. **Action:** Gather more information from other States that have implemented the programs and what cost is incurred and how they verify accuracy.
14. Closing Remarks
    The Chairperson reviewed Actions to be taken by committee members and motioned to adjourn, all agreed and meeting was adjourned at 11:43 a.m.
15. Next Meeting
    Next meeting will be held on August 14, 2013 at 10:00 am at 1970 West Broad Street, Columbus, Ohio in Conference Room C5-5.

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, August 14, 2013, 10 am- 1 pm
Location:	1970 West Broad St., Columbus, Conference Room C5-5
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee Members:	Don Petit, Asst. Registrar (Chairperson) Jillian Froment, Asst. Director (Co-Chair) Bret Wiseman (On behalf of Sen. Frank LaRose, R-Copley) Rep. Kristina Roegner, R-Hudson Mr. Chad Aronson (On behalf of Rep. O'Brien) Dean Fadel representing Dan Kelso (Ohio Insurance Institute) Clerk Daniel Horrigan (Summit Co.) Chief Bruce Pijanowski (Delaware P.D.) Judge Ken Spanagel (Parma Municipal Court) Mr. John Koetz (W.E. Davis Insurance)
Absent:	Sen. Edna Brown, (D-Toledo) Col. Chad Dennis (Licking Co. S.O.) Dan Kelso (Ohio Insurance Institute)
Attendees:	Carolyn Mangas represents PIAA Patrick Foltyn Greg Edwards BMV Special Operations Administrator John Guldin BMV Compliance Officer Jessica Torres BMV Special Operations (AAMVA Survey Results) Scott Keller

1. Meeting brought to order 10:07 am.
2. Meeting minutes from July 10, 2013 were reviewed and motioned to approve. Dan Horrigan motioned to approve the minutes and Chief Bruce Pijanowski seconded the motion. The committee approved the motion with no opposed.
3. Current Programs:
   Jessica Torres followed up on the AAMVA Survey Results that were extended from the previous meeting. Five States were chosen to use as sample studies for their Electronic Insurance Verification Programs (EIVP), Virginia, New York, California, South Carolina and Utah.
4. AAMVA extended survey results:
   When asked if other States had an EIVP there was an Increase from 57% to 69% in responses with 7 more states responding yes they do have an EIVP. If the program was developed in house or with a third party vendor there was an increase from 36% to 48% developed in house. When asked if they were updated in real (current) time there was only about 1/3 of the states that did so. At what point is customers insurance verified? The responses yielded 69% at registration, 47% at Cancellation, 69% at traffic stops, and 19% at the Random Verification Process.
5. The remaining AAMVA Survey questions were discussed, with minimal additional information from the States responses. They gather their information through a Data Based System or a Web Based System.

6. A conference call was conducted with representatives from the states of Virginia, New York and California to discuss their methods.

7. **Virginia**, Carol Brown (Program Specialist Senior & IT Contact):
   Virginia uses an EIVP Database Program, but finds that a Web Based program is preferred. They do not require proof of insurance at the time of registration unless it is being registered for the first time. If no insurance information is received from the company within 60 days after the customer registers the vehicle a letter is sent to the insurance company for verification. If no response is received from the insurance company a letter is then sent to the customer. Roughly 1200 to 1500 letters are sent daily. Third party vendors are used by the smaller insurance companies for reporting of data. Today using the EIVP the systems are more targeted and has lessened the Random Verification Program process (RVP) as before every 9th customer was chosen to receive a letter of verification. At this time police officers are unable to inquire into this system at traffic stops to verify customers have insurance. They are hoping to add them to the system in the future as well as give insurance companies the ability to verify in real (current) time.

   Virginia states they would still create their system in-house rather than with a third party vendor but would allow more time for testing with the insurance companies to update beginning dates of policies and allow more access for verification.

8. **New York**, Maureen Richardson (Driver Safety Support/Imaging Unit):
   New York uses a database system. They also use an IBM expedited system that translates the transactions that are moving from the insurance company into their system through editing software. The editing software was developed in house. The system makes a decision whether to post to a record or not. They also use an email method that is uploaded to a mailbox daily to verify. If accepted the insurance company will receive an acknowledgement, if denied they will receive an error message. For quicker access, Insurance companies have been given an access code to the system so they can also verify this information. New York also gives an amount of time after a registration for the information to process; if this does not clear the system the company will receive a notice and asked to verify insurance. If no information is received from the company the customer is sent a letter to verify. Customers are also given an ID card with a bar code that can be scanned by the DMV for verification upon registration. Not all customers are required to have this ID scanned at registration. Only if an issue presented would verification be required.

9. Actions:
   Follow up with New York to verify the ID Bar Code used to verify insurance at registration.

10. **California**, Shannon Boyce (Vehicle Insurance Program Administrator):
    California uses a Database system. It is mandatory that the insurance company sends the policy information to them within 30 days. Once the vehicle has been removed from the database (cancelled), the customer is given 45 days to show proof of insurance, if none is proven within this time frame by the customer or insurance company the registration is suspended. California also has an Online Verification that will allow customers to verify the insurance if a letter was received. This is automatically uploaded to the database system once the information is entered by the customer. California does not require commercial vehicles to report to them electronically. They are required to report this information if an inquiry is received asking for verification only, but by mail. Seasonal vehicles can be removed from insurance but the customer is required to process an Affidavit of Non Use either online or by mail notifying the DMV the vehicle will be stored. There are approximately 32 million registered vehicles in California and there are 28,859,125 active vehicle insurance policies in the EIVP. However 10% of the vehicles in California are commercially

insured and may not have electronic insurance on file as a result. California has a low uninsured rate and has been dropping since 2010; this is believed to be attributed to the EIVP that is in effe

11. John Koetz & Carolyn Mangas (PIAA) presented information to the Committee by a handout, referencing the differences in having an EIVP and not having one implemented. Uninsured motc in New York were reported as 10.5 % prior to the program, now they are showing 2%. Utah was 20.5 % and is now at 2.86%, California was at 25% and is now at 15%, South Carolina 28% and is now 5%, and Alabama was at 22% but could not provide current information to show a decrease average. A survey question was also presented to their members of what they thought of Ohio's current Financial Responsibility Random Verification Program? 71.8% reported the program did not create an issue for their agency as where 23.5% reported the program does create a burden
12. Jessica Torres reported additional information on the remaining states Alabama used a web-bas system. The University of Alabama was used to develop the product used. Insurance companie are required to report any downtime by law. They also required customers that lived in the Stat of Alabama to use an insurer within the state. South Carolina also uses a Web-based program th use a Weekly Book of Business reporting method. When insurance companies web services are unavailable they rely on the Weekly Book of Business files submitted by the insurance company. Utah uses a Database; they verify all vehicles twice a year. They also reported that cost created issue for them when creating their program.
13. Committee members engaged in a question and answer and general discussion on the states' processes. Members agreed further questions would be gathered for the callers to be presente the next meeting.
14. Actions:
    Follow up with States for further questions from the committee. Contact Vendors that will be presenting at the September 11th meeting to gather information for the committee members to review in advance.
15. Closing Remarks:
    The Chairperson reviewed actions to be taken by committee members and motioned to adjourn agreed and the meeting was adjourned at 11:55 am.
16. Next Meeting:
    Next meeting will be held on September 11, 2013 at 10:00 am at 1970 West Broad Street, Columbus in Conference Room C5-5.

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, September 11, 2013, 10 am- 1 pm
Location:	1970 West Broad St., Columbus, Conference Room C5-5
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee Members:	Don Petit, Asst. Registrar (Chairperson)
	Jillian Froment, Asst. Director (Co-Chair)
	Mathew McDowell (On behalf of Sen. Frank LaRose, R-Copley)
	Rep. Kristina Roegner, R-Hudson
	Mr. Chad Aronson (On behalf of Rep. O'Brien)
	Jody Foltyn on behalf of John Koetz
	Chief Bruce Pijanowski (Delaware P.D.)
	Judge Ken Spanagel (Parma Municipal Court)
	Mr. Dan Kelso (Ohio Insurance Institue)
	Col. Chad Dennis (Licking Co. S.O.)
Absent:	Clerk Daniel Horrigan (Summit Co.)
	Sen. Edna Brown, (D-Toledo)
Attendees:	Patrick Foltyn
	Greg Edwards BMV Special Operations Aministrator
	John Guldin BMV Compliance Officer
	Jessica Torres BMV Special Operations (AAMVA Survey Results)
	Vincent Spitalieri
	Jason Calou
	Peter Spitalieri
	Tim Fisher, BMV Suspensions and Licensing
	Russ Dun
	Dean Gatton
	Michael Farley
	Adele Rapelye
	Joseph Montgomery, ODPS Assistant Director
	John Born, ODPS Director of Public Safety

1. Meeting brought to order 10:10 am.
2. Meeting minutes from August 14, 2013 were reviewed and motioned to approve. Dan Kelso motioned to approve the minutes and Representative Roegner seconded the motion. The committee approved the motion with no opposed.
3. *Follow Up*: Jessica Torres followed up on the New York 2D Barcode. The customer's identification information is listed on their Insurance cards through the barcode. This is to identify if they have updated, valid insurance. New York implemented the barcode in 2002; they received the software from their Department of Insurance at no cost. The barcode lists the customer's Insurance identification information. This card is presented when the customer goes to renew their License or Registration or on traffic stop by law enforcement.
4. Three Vendors were asked to present to Committee members their Electronic Insurance Verification Programs (EIVP) and the processes they took to initiate them:
   Validati (Pasco) was the first to present: Validati began reporting for banks 27 years ago, the company has great experience in this process. Three program types were presented; the Random Verification Program, which places the burden on the driver and Ohio currently uses. Second is the Book of Business where insurers are required to report into a centralized data base system so a vendor can determine through all the information provided which customers do or do not have

insurance. This switches the burden to the insurance companies rather than the driver and will only be contacting customers that do not have insurance. Third is Web Services, monitoring on an event basis rather than constant compliance, i.e. law enforcement verifies at a traffic stop or accident or at registration or court. This switches the burden to the user of the data rather than the insurance companies. Demonstrations of different EIVP's offered by Validati were given to Committee members. They perform their EIVP internally and reported states they represented to include California. Further questions were asked by committee members before introducing the next vendor.

MV Verisol is also a comprehensive Real Time motor vehicle insurance verification process. Representative from MV Verisol gave a brief history of different methods of verifying insurance. They use the IICMVA Model for verification. A verification request is automatically generated by the states application software through the Motor Vehicle Administration, Law Enforcement, or Court Systems. The Verification system is integrated with existing systems. It doesn't require keying of additional information. It then routes the initial request to last insurer of record in a Pointer File who responds immediately with a Confirmed or Unconfirmed message. This system proceeds to verify with additional insurers until it has exhausted to show a confirmed or unconfirmed result. The Book of Business is also used by MV Verisol for verification purposes when the EIVP systems are down. Demonstrations were given to committee members showing the verification process as well as further information regarding states that implemented this program. Out of state verification can be done using this system. MV Verisol has implemented their program in 8 states of which 4 are pilot programs. Committee members presented questions prior to the final vendor being introduced.

Insurenet gave a brief history of the insurance industry and the impact uninsured drivers have on society. Insurenet represents 17 companies, 13 offices in Ohio and have done insurance verification all over the world. Believe systems should be un-invasive, law enforcement should maintain the system as they feel that is the system that works best. Use systems already intact that law enforcement initiate daily such as National Law Enforcement Telecommunications System (NLETS). Insurenet feels this system is useful in tracking insurance information as well. This requires zero cost to build the program, as they use programs already active. Statistics were provided for the committee from several states including Ohio. There are Pilot states implementing Insurnets program but none are reported to be fully operational at this time. They use only sworn officers, retired or disabled, to work with them. Inurenet is done internally; they are a primary source for the United Kingdom. This is a Web based data system that uses NLETS to verify customers insurance, they use information based on the states confidentiality laws. Several questions were asked of the vendors regarding the pilot states as well as the state they are publicly operational in (information anticipated to be disclosed in two weeks).

5. Closing Remarks: Committee members asked the vendors to supply electronic copies of their presentations. Meeting was adjourned at 12:05 pm.
6. Next Meeting: Next meeting will be held on October 9, 2013 at 10:00 am at 1970 West Broad Street, Columbus in Conference Room C5-5.

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, October 9, 2013, 10 am- 1 pm
Location:	1970 West Broad St., Columbus, Conference Room C5-5
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee Members:	Don Petit, Asst. Registrar (Chairperson)
	Jillian Froment, Asst. Director (Co-Chair)
	Sen. Frank LaRose, R-Copley
	Rep. Kristina Roegner, R-Hudson
	Mr. Chad Aronson (On behalf of Rep. O'Brien)
	John Koetz (W.E. Davis Insurance)
	Chief Bruce Pijanowski (Delaware P.D.)
	Judge Ken Spanagel (Parma Municipal Court)
	Mr. Dan Kelso (Ohio Insurance Institue)
	Col. Chad Dennis (Licking Co. S.O.)
Absent:	Clerk Daniel Horrigan (Summit Co.)
	Sen. Edna Brown, (D-Toledo)
At*tendees*:	John Guldin BMV Compliance Officer
	Tim Fisher, BMV Suspensions and Licensing
	Joseph Montgomery, ODPS Assistant Director
	John Born, ODPS Director of Public Safety

1. Meeting brought to order 10:15 am.
2. Meeting minutes from September 11, 2013 were reviewed and motioned to approve. John Koetz motioned to approve the minutes and Judge Ken Spanagel seconded the motion. The committee approved the motion with no opposed.
3. New Business:
   Representative Roegner presented House Bill 71 to committee members with an overview of its contents. The committee discussed the effects of the House Bill in relation to future decisions being made on the Financial Responsibility Laws. It was established that the current methods Ohio uses are vehicle registrations, event based (Police stops), and the Random verification process to verify drivers are compliant. Representative Roegner also distributed a constituent letter from Ms. Sharon Montgomery at request of Senator Kevin Bacon. The letter provided committee members with a summary of our current process and its effects on customers. Members were asked for future recommendations on these processes to establish guidelines for HB71.
4. Closing Remarks:
   Committee members discussed the goals and status of HB 71. Representative Roegner presented future objectives for the committee to consider as they went forward with the discussions on HB 278 as well as the role the committee plays in the progress of HB 71. Meeting was adjourned at 10:58 a.m.
5. Next Meeting:
6. Next meeting will be held on November 13, 2013 at 10:00 am at 1970 West Broad Street, Columbus in Conference Room C5-5.

Meeting Minutes 6:

November 13, 2013, Shipley Building, Conference Room C5-5 at 10 a. m.

The focus of the meeting was "open discussion" regarding the information that had been presented over the past months.

-Minutes approved as written

Senator Rogner introduced David Findley (shadowing her).

Rogner: echoed rich data indicated that 60% of states use EIVP, how they use, and the positive effect of EIVP on the uninsured motorist rate. Noted the benefit to law enforcement of having accurate data available versus an insurance card.

Jillian "regulator, consumer protection" In her role of consumer protection, sees the benefit to the customer in terms of costs that might flow through to them. Looks at this through the lense of: How does this affect or limit industry. Wished that she would have heard from the courts and law enforcement (last meeting). Asked the courts and law enforcement reps to explain obstacles and benefits to the current system and EIVP systems.

Judge: Courts want folks to have insurance. Goal is to drop uninsured. –Courts look at tickets and most folks have insurance and it is marked as such. If a "yes," things don't change much. The courts will not need to access an EIVP in these cases. However, where the answer to insurance is a "no," then… Doesn't know how much implementing an EIVP will affect them; doesn't think it will affect them that much.

Law enforcement rep. Doesn't think that EIVP will have a big impact on them. Would like to get together with the BMV to ensure that this is a field in their LEADS printout to reduce the number of false positives. –Would not need to look at their insurance card. Helps the courts, etc to streamline what they are looking at. Believes this will help get uninsured motorists off the road. Thinks this is a benefit.

Judge: indicated that the LEADS field could be a simple "yes" or "no." How the Registrar writes the rules, etc. is to be determined. [Clarification: Call and response system versus dump it all here system.]

Law enforcement rep. Would like this information to be available on their vehicle run.

Petit: If I buy a car now, how has it covered? (You have 14 days to call your agent to get it covered. This wouldn't be in the insurance companies system initially)

Judge: More likely that insurance info won't be available in the system right away for a used vehicle. Mandating 30 day plates…

Petit: If I buy a vehicle, sell a vehicles and transfer existing plate – plate number and insurance will initially be tied to a different vehicle description.

Law enforcement: a 30 day window is a good way to clean up these kinds of loose ends.

Judge: Random selection: for every newly registered vehicle, could the computer be told to run the plates for those vehicles in a month and if they come up with a "no code" at that point, then generate the process.

Man Clerk of Court rep: we don't check insurance at the time we title. To capture that, it would take a change order to ATPS 3.

Jillian: Point folks back to other questions

Petit: Seems the consensus that the word "random" be struck from random verification… 90-95% of those selected for the program do have insurance

(next tape segment)

Man (?) question doesn't apply if you go to a web-based system; there are no reports.

Petit: What about timely updates

Jillian: Making a blanket requirement is not in the best interest of small insurance companies who do not have the needed access to technology.

(next tape segment)

Jillian: HB 278 said that they are to consider these questions but that they do not have to present findings for all of those questions

Petit: The questions are written assuming a database system. –We should answer the intent of the legislation when answering the questions.

Roegner: Of those states with EIVPs, how many had a database system versus a web-based system

Man: This comes down to timing: Those systems implemented further in the past were database systems because that was all that was available at the time. Now that EIVPs have come into their own, the newer systems tend to be web-based because they are easier and more cost-effective.

Petit: Some states in the "deep dive" indicated that they wished that they could d- web-based but already have significant money and infrastructure investment in the database system.

It Alabama, DC, South Carolina and Utah

Roegner: for those for states, if they are pulled over and their insurance is pinged, x happens. However, if their insurance quietly lapses, when are the flags raised about that? -How are flags raised in a web-based system between the time of registration and an accident (event)?

Petit: Utah pinged all vehicles on a monthly basis.

Roegner: We should address this mechanism in the recommendation

Discussion: we could randomly ping versus randomly send letters

Jillian: This is convenient because those with insurance never know they are being pinged, there is no inconvenience. Letters are sent only to those who came back without insurance on file.

Petit: Instead of 5,000 letters it would be 5,000 pings

Man: we should ping more than that

Man: What is your goal, acceptable percentage industry wide.

Man: Different states report different levels of uninsured. He doesn't think any state knows their number for sure. Is unaware of any standard for uninsured; e.g. you are at 10% uninsured and that is a good number. …-We have a huge problem in this state of people driving on suspended licenses

John Guldin: If we are pinging randomly, is a separate ping sent out to each Ohio insurer?

Man: No, the web-based system knows how to direct the ping to the required insurer.

Petit: Bill Question 7: Should reported information be available for public records requests?

Man (law enforcement?): If a web-based system, no reports are being produced, so this question would not apply.

Judge: Only info provided to the BMV is subject to public records. Thinks that there should be a simple Y or N response, no detailed info like name of insurance company.

Man: I agree. Otherwise competitors will request this information and then target their marketing accordingly

Petit: Bill Question 9: insurance company free from liability for failure to report or late reporting

Man (industry): thinks that it is a good idea.

Man: If they [insurance companies] are not reporting, or are not providing access, doesn't this go back to regulation in ODI?

Jillian: If I get in an accident with you and you don't have insurance, can I then go and sue State farm insurance because they gave a wrong indicator that you did have insurance. If the insurance company fails to give a proper response [such as the case aforementioned], that doesn't call under ODI.

Man (industry): I think this is a two-pronged question: 1) Did the insurer provide access to their data 2) Then the issue of whether or not there was a breakdown in the web-based porthole.

Petit: If our system is down, I can't blame the insurer. If the insurer hasn't updated the information, I can blame the insurer. Even worse, if we are provided a response from the insurer which is inaccurate. 1) Failure to update (timely) 2) Failure to provide correct information

Man: Prefers to look at how other states have handled these situations.

Judge: Perhaps we can ask states, "where have you had problems with the insurance companies…. How are we going to fund this project?

Man (Industry): Cost will depend on what kind of system you adopt. The web-based system will be the least expensive option. –Would be glad to look into Alabama's cost

Judge: The University of Alabama wrote their system, so they had very little cost compared to paying a vendor. Can this be put into the "random selection" budget?

Petit: -explanation. If we can do this internally, it is the cost of doing normal business. We could do an analysis on if it makes sense to do this in house or through a vendor.

Judge: Instead of recommending a type of system we could report out the results of what we have looked at. We could list the pros and cons of each one. Some people thought this because… etc.

Man (law enforcement?): Keeps considering the question of how often do we do the verification. Perhaps we could have a hybrid system where we get a data dump and can check the information often. Has the same concerns as rep Roegner in that the people who take chance and drive without insurance will continue to do so if you are not verifying their insurance status.

Petit: So, avoiding anything that would be incident driven? [affirmed]

Judge: incident driven will still have a place. The technology exist for the incident based work.

Petit: Just not solely incident-based.

Reoegner: I like the suggestion of web-based for incident driven events and then maintaining the data for ongoing checks.

Discussion: The types of incident base checked under discussion will be more effective than the current random verification system

Man (Industry): This is only as good as enforcement. There should be a well-publicized enforcement plan so people don't think they can game the system. They might think that it is better to pay the $200 in fines in lieu of the $1000 they would have incurred in insurance costs. The legislature should back this up with significant penalities.

Judge: Driving under FRA suspension is ___. This might need to be a new offence, "Driving without insurance" This could be different that getting traffic violation and not having insurance which will lead to a non-compliance suspension. –I don't think that many judges would approve raising the penalties. So if you are considering a carrot or a stick approach, the stick approach would be harder to get approval from the judiciary on. Consider that the fine is $650 on a 2nd or 3rd no insurance. –Those that don't have the money end up in a pit they can't get out of.

Reogener: Our timeframe will be tight because of the General Assembly's schedule. –They have had one hearing on her bill. –February March through the House, April May through the Senate.

Man: Would I still sign the form saying that I have FR? Yes. Could we check the plate each time I renew?

Judge: At the counter is the same. Online would need to be updated. Mail order process would have to change.

Petit: We could address the mail order issues and reject the registration renewal request.

Discussion: Is the web-based system reporting a cancellation code/ No…

Petit: That is something that could be reported, even in a web-based system.

Judge: Wouldn't the reporting of a cancellation of insurance be an "incident [incident-based reporting]

Man (Industry): That's where these states got in trouble because if a customer switches insurance companies, their insurance company would report a cancellation

Man (law enforcement): You could catch cancellations in one folder and new policies in another folder and compare them against each other.

Man (Industry): -In one of the states we looked at there was a grace period where you reverify insurance. That is necessary because even in the best of cases, there is going to be a gap. –In a web-based system if there was a cancellation and then a new policy, it would just show as a "yes" for insurance.

Greg: The BMV could check the 9 million records. It wouldn't take long , could be done in an overnight batch.

Meeting:	Financial Responsibility Study Committee
Date:	Wednesday, January 15, 2014, 10 a.m. - 1 p.m.
Location:	1970 West Broad St., Columbus, Conference Room C5-5
Chairperson:	Don Petit, Asst. Registrar
Secretary:	Doris Crispen
Committee members:	Don Petit, Asst. Registrar (Chairperson)
	Jillian Froment, Asst. Director (Co-Chair)
	Sen. Frank LaRose, R-Copley
	Rep. Kristina Roegner, R-Hudson
	John Koetz (W.E. Davis Insurance)
	Chief Bruce Pijanowski (Delaware P.D.)
	Judge Ken Spanagel (Parma Municipal Court
	Mr. Dan Kelso (Ohio Insurance Institue)
	Col. Chad Dennis (Licking Co. S.O.)
	Clerk Daniel Horrigan (Summit Co.)
Absent:	Sen. Edna Brown, (D-Toledo)
	Rep. O'Brien, (D-Hubbard)
Attendees:	John Guldin BMV Compliance Officer
	Tim Fisher, BMV Suspensions and Licensing
	Andy Bowsher, DPS Liaison
	Carolyn Mangas, PIAA
	Ted Wendling, Department of Public Safety
	Mike Rankin, BMV Registrar
	Jeff Smith, PIAA
	Michael Farley, Department of Insurance

1. Meeting brought to order 10:17 a.m.

2. Meeting minutes from November 15, 2013 were reviewed. Dan Kelso made a motion to approve the minutes and Judge Spanagel seconded the motion. The committee unanimously approved the motion.

3. Old Business:
   HB 278 Financial Responsibility Study Committee Report was sent to members prior to the January 15th meeting for them to review.

4. Open Discussion:
   - Committee members recommended changes they would like to see in the report prior to submitting it for review
   - Committee members reviewed HB 71 and the potential affects that bill will have on future decisions.
   - The committee discussed the affect an updated verification system would have on law enforcement (traffic stops), Deputy Registrar's (registrations) and the Bureau of Motor Vehicles as a whole.
   - The committee discussed cost analysis of building and maintaining the system, and decided against including one. The significant differences in types of systems and the lack of consistency among states in calculating and reporting costs were cited as obstacles.

5. Judge Spanagel made a motion for the committee to recommend that any information or data collected or generated by a verification program should enjoy protections consistent with current law.
   Motion was seconded by Chief Pijanowski all was in favor of motion; Motion was approved with no opposed.

6. Judge Spanagel motioned for approval of the Study report as amended by committee.
   Motion was approved with no opposed.

7. Closing Remarks:
   Chairperson motioned for meeting to be adjourned, all agreed and the meeting was adjourned at 11:12 a.m.

1997 TASK FORCE

SUMMARY - 1997 TASK FORCE ON THE ENFORCEMENT OF THE FINANCIAL RESPONSIBILITY LAWS OF OHIO

Senate Bill 20 (120th General Assembly), effective April 20, 1995, brought about several changes to Ohio's financial verification laws. Its' provisions required that proof of financial responsibility (FR) be provided:

1. Whenever a police officer issues a traffic ticket (effective October 20, 1995)
2. At all vehicle inspection stops
3. Upon every traffic court appearance
4. After every motor vehicle crash, and
5. Upon random checks by the Bureau of Motor Vehicles (BMV) Registrar (effective October 20, 1996)

The bill also instituted penalties associated with failure to provide proof of FR which included:

- One year driving suspension on any additional offenses (within 5 years)
- Increased reinstatement fees
- A five-year proof of high-risk insurance (in lieu of three years), and
- Penalties for violating driver's license (DL) suspension to include the confiscation of license plates, possible forfeiture of the vehicle and the inability to register a vehicle in Ohio for five years.

At the same time, Senate Bill 20 created The Task Force on the Enforcement of the Financial Responsibility Laws of Ohio. Not later than one year after the effective date of the act, the Task Force was to study:

1. Methods of enforcing and administering FR laws as well as verifying Ohioans proof of FR.
2. Requiring motor vehicle insurers to provide FR identification cards to policyholders.
3. Establishing toll free telephone lines for use by peace officers to verify proof of financial responsibility
4. Issues related to the implementation and operation of each method of FR verification, including the potential for problems with fraudulent FR cards, and
5. The legal and administrative feasibility of each method from the standpoint of the Registrar of Motor Vehicles, the courts, and law enforcement officials.

The Task Force Report indicated that, in general, Ohio's FR laws are working as intended and accomplished the goals set out in SB 20. In particular, the FR verification process at the time of a traffic stop has resulted in the identification of a large number of uninsured drivers. The Task Force suggested:

- That law enforcement increase their FR compliance verification rates during routine traffic stops.
- Giving the Registrar the authority to independently verify FR if a peace officer fails to verify FR during a routine traffic stop
- That the implementation of toll free telephone lines for use by peace officers to verify proof of financial responsibility be disregarded
- That both the majority and minority opinions on the verification of FR at time of registration be considered as the Task Force could not reach a consensus on the matter.
    - Group 1 favored verification at the time of registration because 1) the current system was an "after the fact" type system and 2) it would increase public awareness and require all of the driving public to maintain proof of FR
    - Group 2 believed that verification at the time of registration was ill-advised because 1) other states considered it to be the least-effective approach as some drivers would purchase insurance in advance of their registration date or purchase fraudulent insurance cards and 2) the BMV's ability to verify insurance through the Mail-In Process or at Deputy Registrars had operational limitations which would affect customer service.
    - Additionally, Group 2 felt that 1)the current system is truly random so that a vehicle operator will never know when they are required to provide proof of FR and 2) The current system is effective as it supplies 1.5 to 2 million verifications per year.

In addition, the Task Force recommended several revisions to the law including

- Occupational driving privileges for first-time offenders (implemented)
- Establishing a pilot program for the random verification of FR (implemented)

Note: It was necessary for the BMV to hire sixteen additional employees in order to complete the duties mandated in SB 20; verifying FR and suspending driving privileges.

The body of The Task Force on the Enforcement of the Financial Responsibility Laws of Ohio is contained in the following addendum. The entire report, included all appendices, are available upon request.

TASK FORCE

ON THE

ENFORCEMENT

OF THE

FINANCIAL RESPONSIBILITY LAWS

OF OHIO

EXECUTIVE SUMMARY

The Task Force on the Enforcement of the Financial Responsibility Laws of Ohio was created by Amended Substitute Senate Bill 20, 120th General Assembly to study Ohio's financial responsibility law. This report shares the conclusions of the Task Force after many months of studying the effectiveness of the current law and considering recommendations for changes.

The Task Force believes Senate Bill 20, sponsored by Senator Roy Ray, is an effective tool for identifying uninsured drivers in Ohio. The introduction of the verification process at the time of a traffic stop has been instrumental in identifying a large number of uninsured drivers. Senate Bill 20 also increased the period of time an uninsured driver is monitored to be certain they maintain financial responsibility in the future (from three years to five years) as a condition for the reinstatement of their driving privileges. In addition, Senate Bill 20 increased the penalties for repeat offenders of Ohio's financial responsibility law. In the future, a pilot program for random verification of financial responsibility will determine the effectiveness of this tool to further reduce Ohio's incidence of uninsured motorists on the highway.

The Task Force did consider numerous options for revising the current law. Several of the Task Force proposals were acted upon by the legislature before the release of this report: (1) The Task Force recommended "occupational driving privileges" for first time offenders and (2) The Task Force recommended the random verification program be established as a pilot program so that its effectiveness and cost could be gauged before the legislature implemented a permanent program.

The Task Force concluded that the involvement of law enforcement and the court system has been an effective tool in identifying uninsured drivers. However, BMV statistics indicate a large number of instances occurred where proof of financial responsibility is

not being verified. The Task Force recommends improvement in this particular area since it is one of the greatest strengths of all of the provisions of Senate Bill 20.

The current law does not permit the Registrar of Motor Vehicles to independently require proof of financial responsibility be demonstrated when individuals receive traffic citations and the officer failed to initiate the check for proof during the traffic stop. The Task Force recommends the Registrar be given this authority.

The Task Force recommends against the implementation of special toll-free telephone numbers for police officers to verify financial responsibility for the reasons stated in the body of the report.

The Task Force could not reach a consensus on the need to provide proof of financial responsibility at the time a vehicle is registered. This issue is outlined in the report for the legislature's consideration.

TASK FORCE ON THE ENFORCEMENT OF THE FINANCIAL RESPONSIBILITY LAWS OF OHIO

TASK FORCE MEMBERS

Robert Erwin, representing insurance agents who issue motor vehicle liability policies (appointed by the Governor); Judge Frederick Hany, representing courts which hear traffic cases (appointed by the Chief Justice, Ohio Supreme Court); Dan Kelso, representing insurers (appointed by the Governor); Representative Don Mottley, representing members of the Ohio House of Representatives (appointed by the Speaker of the House); Senator Roy Ray, representing the members of the Ohio Senate (appointed by the President of the Senate); Ed Smerek representing Consumers (appointed by the Governor); Martin McKean, representing the law enforcement community (appointed by the Governor); and Mitchell J. Brown, Registrar (representing the Ohio Bureau of Motor Vehicles). *[NOTE: Registrar Brown was replaced on the Task Force by Frank Caltrider who was appointed to replace Mr. Brown as the Registrar of Motor Vehicles on December 6, 1996.]*

BACKGROUND

The Task Force on the Enforcement of the Financial Responsibility Laws of Ohio was created by Amended Substitute Senate Bill 20, 120th General Assembly to study:

- Methods of enforcing and administering Ohio's financial responsibility laws and verifying the existence of proof of financial responsibility;
- Requiring motor vehicle insurers to provide financial responsibility identification cards to policyholders *[NOTE: This provision is listed as a duty of the Task Force, however, S.B. 20, as adopted, already included this requirement which has been implemented]*;

- Establishing toll-free telephone lines for use by peace officers to verify proof of financial responsibility;
- All issues related to the implementation and operation of each method of verification including the potential for problems with fraudulent financial responsibility cards; and
- The legal and administrative feasibility of each method from the standpoint of the Registrar of Motor Vehicles, the courts and law enforcement officials.

PROOF OF FINANCIAL RESPONSIBILITY

The Task Force concluded that the verification steps should not hinder or punish responsible citizens by making the registration process cumbersome. The Task Force also noted total compliance is impossible. An examination of other states demonstrates that no state can claim that they have cured the uninsured problem. Instead, identifying uninsured drivers and enforcing the law is essential in dealing with the problem of uninsured motorists.

The possibility of adopting a program requiring proof of financial responsibility being presented at the time of applying for a driver license and vehicle registration was considered. However, this type of program could be easily evaded and not serve a purpose as proof of financial responsibility can be easily purchased, demonstrated to a deputy registrar (to purchase license plates and/or a driver license) and the registrants then can easily cancel the policy or other form of proof of financial responsibility. This is particularly true when the registrants are aware of when it is necessary to provide proof of financial responsibility, i.e. at the time of their license plate renewal and renewal of their driver license. It was also noted that falsification and counterfeiting of insurance documents or other forms of proof of financial responsibility has occurred in other states.

In addition, the Ohio Bureau of Motor Vehicles expressed concern regarding the affect of any verification program on its mail registration program which processes 25% to 30% of all vehicle registrations annually. The BMV was concerned about the need to receive and process proof of financial responsibility related documents and to return those documents to the vehicle owners along with their license and/or renewal registration stickers.

It was noted that Am. Sub. Senate Bill 20 presently provided an excellent mechanism for verifying proof of financial responsibility. This mechanism is the verification of proof of financial responsibility by the officer in the field at the time of a traffic stop. Presently an officer is required to request proof of financial responsibility each time an individual is stopped for a traffic offense. The officer can mark on the Uniform Traffic Ticket (UTT) whether or not an individual has provided proof of financial responsibility. The vehicle operator is then given two additional opportunities to provide this evidence prior to an actual license suspension taking effect: (1) at the time the ticket is paid or during a court appearance on the violation and (2) when contacted by the BMV to provide the proof of financial responsibility. This process is appealing because:

- It is random, meaning the vehicle operator can never be certain when they will be required to provide proof of financial responsibility;
- It results in 1.5 to 2 million verifications a year based upon the number of tickets issued annually by Ohio's law enforcement agencies; and
- The workload is distributed among three government functions: law enforcement agencies, the courts and the Ohio Bureau of Motor Vehicles.

IDENTIFICATION CARDS

The Bureau of Motor Vehicles established guidelines for Insurance Identification Cards prior to the effective date of Am. Sub. Senate Bill 20. In order to ease the transition from the previous law (which did not require insurance companies to issue proof of financial responsibility cards) to the new requirements of Am. Sub. Senate Bill 20 (which required

the proof of financial responsibility cards for the first time in Ohio) the BMV worked very closely with large and small companies and state-wide trade and industry associations to adopt these standards.

There were some reservations by some members of the Task Force that too much dependence and value are placed upon this type of card. As noted previously, these cards are not counterfeit proof and the possibility of fraud exists. More importantly, these cards can be legitimately issued by an insurance company, but the cards have no value when the vehicle operator fails to make premium payments or cancels their coverage.

TOLL-FREE 800 NUMBERS FOR LAW ENFORCEMENT

During the legislative debate on Am. Sub. Senate Bill 20 in the Ohio House of Representatives, the concept of requiring insurance companies to provide toll-free numbers to law enforcement agencies for verifying proof of financial responsibility in the field was offered. Although that concept was not adopted at that time, the Task Force was given the specific responsibility of reviewing this option and offering its conclusions on the viability of requiring toll-free numbers for law enforcement purposes.

The toll-free 800 numbers were to be used in the field by law enforcement officials to verify proof of financial responsibility, on the spot, during a traffic stop. The verification was to be in addition to the proof of financial responsibility card. Organizations representing Ohio's law enforcement community were invited to comment on this concept during the Task Force's deliberations. Those who attended the Task Force meeting and commented were:

- Staff Lieutenant J.P. Allen, Ohio Highway Patrol;
- Cathy Collins, Legislative Liaison, Ohio Fraternal Order of Police;
- Dan McCarthy, Buckeye State Sheriff's Association; and
- John Gilchrist, Ohio Association of Chiefs of Police.

Comments made included:

- There is no time available for dispatchers to make the necessary contact and report back to the field;
- 40-50 vehicles are stopped per shift which would place too much demand on one dispatcher to check for proof of financial responsibility;
- Law enforcement is not capable of handling the volume;
- Officer safety is compromised during traffic stops when they are distracted performing these ancillary duties;
- Additional time to handle a routine traffic stop would reduce the total number of stops completed by each officer per shift, impacting the enforcement of more serious violations of law, i.e. speeding, DUI, etc.
- Automating the process through the Law Enforcement Automated Data System (LEADS) would be more plausible approach if it was felt law enforcement needed to do more than currently required to verify proof of financial responsibility.

Additional comments offered by Task Force members were:

- Sharing of records among insurance companies presented several problems. Anti-trust issues could be raised and companies would not wish to share information with each other regarding their customer base in a very competitive insurance market. *[NOTE: This observation was based upon insurance companies participating in a joint program to provide the 800 service. It was pointed out that numerous companies were authorized to issue motor vehicle liability policies in Ohio and it would be impractical for all companies to have their own number.]*
- There is disparity within the insurance industry itself. For instance, companies that do not rely on agents or have their own agents have better control over their records and their ability to quickly update information than an independent agency based system where information flows from the field to main offices of each of the companies they do business with and then back to the field. *[NOTE: This point was important to some Task Force members who felt that strengthening Ohio's financial*

responsibility law should not reduce competitiveness within the automobile insurance business.]

- The capability is not presently out there for the insurance industry to handle this type of program.
- All companies have different methods for maintaining their own customer information and this would make it difficult to tie all of these companies into one 800 number.
- The present enforcement provisions of S.B. 20 are apparently capturing a large number of uninsureds and additional enforcement in the field is not presently warranted.

MONITORING INSURANCE

The Task Force also reviewed the possibility of recommending a program to continuously monitor the financial responsibility status of all Ohio's vehicle owners and persons issued driver licenses. This concept has been considered by the Ohio legislature in the past. The program would require all companies authorized to issue motor vehicle liability policies to notify the Ohio BMV of a change in status of their insureds, i.e. cancellation of coverage, new coverage issued, etc.

Two Ohio based companies were invited to attend a Task Force meeting to provide an overview of their companies and how they believed the process of monitoring proof of financial responsibility could be handled. The presentations by the two companies were quite similar and each offered a similar solution. In addition, these companies suggested this mechanism is currently available in the private marketplace and it would be unnecessary for State Government to "reinvent the wheel."

In brief:

- Both companies monitored insurance for their clients who consisted of mortgage companies and financial loan companies.
- The client companies had an interest in being certain their borrowers maintained insurance that protected the loan collateral, i.e. the house or building in a mortgage loan or a motor vehicle in the case of automobile loan.
- The companies had current experience working with insurance companies and the lenders and that these established relationships with insurance companies could transfer easily to the automobile insurance industry with the BMV taking the place of the lender in their examples, i.e. instead of notifying a lender that their borrower had dropped the requisite insurance coverage, the BMV would be notified of the drop in coverage by a licensed driver or motor vehicle owner.
- The companies could provide the clerical functions associated with notifying a licensed driver or motor vehicle owner to reinstate their proof of financial responsibility or have their driver license privileges suspended or revoked OR their license plate registrations canceled.
- The companies could provide all of the necessary follow through, i.e. handle the notification of new coverage OR notify the Ohio BMV that the licensed driver or motor vehicle owner has not responded or failed to respond properly so the Ohio BMV could take the appropriate action.

Concerns expressed by the Task Force members were:

- Larger insurance companies can set up system most likely, but there was concern about the ability of smaller companies to develop a program;
- Many times agents issue policies out of their office and the home insurance office may not be aware the policy has been approved and issued until sometime down the line;
- The BMV could be awash in notices of cancellations that are the result of late payments and switching coverage from one company to another.

In addition, the Task Force was reminded that the current methodology of identifying uninsured drivers (via traffic stops for moving violations) was proving quite effective and the number of instances proof of financial responsibility was being verified ranged in the 1.5 to 2 million range annually which far exceeded what other states were doing via a random verification program.

RANDOM VERIFICATION

Am. Sub. Senate Bill 20 specifically requires the Registrar of Motor Vehicles to adopt a random verification program and to seek the input of the Task Force.

Random verification is the concept of identifying a portion of the motoring public each year and verifying their current proof of financial responsibility status. Persons who are subject to the verification would be required to demonstrate they were financially responsible on the date the notice was generated. The consequences of being uninsured are the same as occurs in instances of a traffic stop: 90 day suspension; payment of a reinstatement fee; and requirement to file proof of financial responsibility for five (5) years.

The Task Force was concerned about the costs and efforts of administering such a program. The Task Force adopted Senator Ray's recommendation that the BMV pursue a pilot program prior to recommending a statewide random verification program. The pilot program is to determine the effectiveness of identifying uninsured drivers using this method.

LAW ENFORCEMENT EFFECTIVENESS

The Task Force requested the BMV prepare a report on the present effectiveness of law enforcement and the courts in administering the current requirements of S.B. 20. Presently, law enforcement agents, at the time of a traffic stop, are obligated to verify

proof of financial responsibility. In the event, the driver is unable to do so at the time of the traffic stop, the courts are required to verify proof of financial responsibility at the time the ticket is paid or at the time of a court appearance.

The effectiveness of identifying uninsured drivers using this methodology is demonstrated by the large number of uninsured drivers that have been identified thus far (appendix J). However, the Task Force was surprised that a large number of drivers are apparently not being required to demonstrate proof (or the officer is not noting the response on the uniform traffic ticket). The report prepared by the BMV is attached (appendix K)

RECOMMENDATIONS

Maintain the current requirements of Am. Sub. Senate Bill 20.

Occupational Driving Privileges

Allow the BMV to grant modified driving privileges for first time offenders as follows:

- Privileges only granted for employment and medical purposes;
- Driver must serve "hardtime" suspension for the first 15 days of the 90 day period;
- Reinstatement fees paid;
- Damages satisfied; and
- Proof of financial responsibility filed with the BMV for five (5) years.

First time offenders are ineligible if any of the following apply:

- Previously subject to a 12-Point suspension;
- Convicted of a serious moving violation, i.e. vehicular homicide, hit-skip, etc. (6 Point Violations); or
- Previously subject to a FRA suspension for any reason.

[NOTE: The Ohio General Assembly recently adopted this proposal in House Bill 261. The only major change from this recommendation was the "hardtime" provision which was extended to 30 days.]

Random Verification

The Task Force has recommended the Bureau of Motor Vehicles contract with an outside company to conduct a pilot program for random verification of proof of financial responsibility before the proposal is considered as a permanent, ongoing program. Final recommendation to the legislature will be based upon the outcome of the pilot program

and its effectiveness and cost. *[NOTE: Senator Ray sponsored an amendment that gives the BMV this option based upon the Task Force's recommendation. This provision was added to the General Budget Bill, House Bill 215.]*

Enhance Law Enforcement Pursuant to Current Law

As noted previously, the Task Force requested information from the Bureau of Motor Vehicles regarding statistics for compliance under the current law, i.e. be certain law enforcement agents are requesting proof of financial responsibility each and every time a traffic stop is made. Clearly, this is not happening at the present time as documented in the separate report attached (appendix K). The Task Force recommends the current language requiring law enforcement agencies to perform this verification be enhanced to heighten awareness of this requirement by both law enforcement agencies and the public. In addition, the BMV will improve its awareness program to remind local law enforcement agencies of the important role they play in helping to identify uninsured motorists on Ohio's highway. *[NOTE: The BMV mailed a bulletin to all law enforcement agencies (appendix M) on June 13, 1997 reminding them of the important role they play in enforcing Ohio's financial responsibility law.]*

Enhance BMV's Enforcement Of the Current Law

Presently, the BMV does not attempt to verify proof of financial responsibility for a driver of a motor vehicle who was issued a citation for violating a motor vehicle law unless the officer issuing the citation and/or the court attempted to verify a driver was insured. This goes hand-in-hand with the problem previously identified in this report of officer's failing to make the inquiry at the time of a traffic stop. Current BMV procedure is not to act in anyway when it is "unknown" whether the police officer or the court attempted to verify proof of financial responsibility. Based upon the statistics in the report requested by the Task Force (appendix K), thirty-five percent (35%) of the drivers are not being questioned concerning their financial responsibility. This recommendation

provides the authority to the Registrar to contact the driver regardless of whether or not the police officer or the court attempted to verify proof of financial responsibility. In the event the person is unable to provide the necessary evidence to the Registrar their driving privileges would be suspended. The recommendation is to adopt legislation that permits the Registrar to inquire of all persons issued citations for motor vehicle offenses , whether or not they were financially responsible at the time of their traffic offense.

Toll-Free 800 Numbers for Law Enforcement

Based upon the information provided to the Task Force, the Task Force members do not recommend the implementation of toll-free 800 numbers for law enforcement agencies to verify proof of financial responsibility. The Task Force members concurred with the various points offered in testimony *[NOTE: page 4 & 5 of this report]*. The Task Force does not believe toll-free numbers would provide significant value in the field and would impair law enforcement's ability to concentrate on their primary duties.

Task Force Report on Requiring Financial Responsibility Proof at the Time of Registration

The Task Force recognized this is as the most difficult issue to address. Demonstration of proof of financial responsibility at the time of registration has an appeal, but it also offers the greatest opportunity for fraud to be introduced into the proof of financial responsibility verification process while potentially inconveniencing the vast majority of Ohio's citizens who are financially responsible.

The Task Force was unable to offer a recommendation in this particular area. Instead, this report intends to identify and explain the differing viewpoints on whether proof of financial responsibility should be presented at the time of registration. The Task Force was equally divided on which approach would best serve Ohio's citizens.

* * * * * * * * * * *

Viewpoint One: Proof of Financial Responsibility at the Time of Registration

Existing law only requires vehicle owners to execute a statement acknowledging the vehicle owner will maintain proof of financial responsibility when operating a motor vehicle or allowing a motor vehicle they own to be operated on the public highways. Some members of the Task Force urged the presentation of the proof of financial responsibility card to the deputy registrar at the time of renewal as a more meaningful method of establishing proof of financial responsibility. In addition, Group One believes the presentation of the card heightens public awareness of Ohio's financial responsibility law.

Group One was also concerned that Ohio's present method of verifying proof of financial responsibility was based up an "after the fact" type system, i.e. proof was only required to be demonstrated when a person was cited for a moving violation or was involved in an accident. In the second instance, the vehicle operator might already be responsible for significant financial loss to another driver(s), but the State had taken no affirmative action, during the time of registration, to verify proof in advance of issuing the vehicle owner a vehicle registration to operate their motor vehicle. Group One felt it was unconscionable that the State would enact a law that required every driver to maintain proof of financial responsibility, but would not take advantage of the opportunity to verify proof at the time a vehicle is registered.

Viewpoint Two: No Proof of Financial Responsibility Should be Required

A number of Task Force members believe the current law should be amended to require all drivers to present proof of financial responsibility at the time of vehicle registration. An equal number of Task Force members felt this is ill-advised because the experience in other states proves it to be the least effective approach. The present system of verifying proof of financial responsibility in conjunction with traffic stops and the adoption of the

Task Force's recommendation creating a random verification pilot program will be more effective.

The reasons follow:

The present system has resulted in over 130,000 suspensions since October 30, 1995 and has provided an excellent mechanism for verifying financial responsibility. The success was increased by Sub . S.B. 20 which provided for the verification of financial responsibility at the time of a traffic stop. Presently, an officer is required to request proof of financial responsibility each time an individual is stopped for a traffic offense. The officer can mark on the Uniform Traffic Ticket (UTT) whether or not an individual has provided proof. The vehicle operator is then given two additional opportunities to provide this evidence prior to an actual license suspension taking effect: (1) at the time the ticket is paid or during a court appearance on the violation and (2) when contacted by the BMV to provide proof of financial responsibility. This process is appealing because:

- It is random, meaning the vehicle operator can never be certain when they will be required to provide proof;
- It results in 1.5 to 2 million verifications a year based upon the number of tickets issued annually by Ohio's law enforcement agencies; and
- The workload is distributed among three government functions; law enforcement agencies, the courts and the Ohio BMV.

The Task Force has recommended that a "pilot" random verification program be developed. This would provide another truly random checking process which will put all drivers on notice that they must comply with the law. To the extent that other members of the Task Force are recommending proof at the time of registration as a public relations tool to make all drivers aware of the law, Group Two believes a statewide random verification program will be more effective without putting additional bureaucratic

burdens on all responsible drivers every year. The problem with proof at the time of registration is that it is a date certain which allows individuals to obtain proof just to meet that requirement. The random verification is superior because individuals will not be able to "game" the system and will never know when they will be asked to provide proof. Thus, the incentive for maintaining continuous proof is encouraged and this has always been the goal of Ohio's Financial Responsibility Law.

The proposal of Group One is fraught with potential fraudulent conduct. In states where proof is required at time of registration, many presently uninsured individuals will purchase proof of financial responsibility coverage just prior to registration, show the proof to get registration, and then cancel the coverage. Ohio can expect similar behavior. In addition, documentation submitted to the task force (Appendix B) has established that in Texas and Pennsylvania law enforcement have discovered fraudulent I.D. Cards which are being sold to individuals so they can be used to evade the law.

Presently in Ohio, over 85% of the drivers are financially responsible. This proposal will place an additional burden on those who currently comply with the law in the hope that a significant number of the remaining individuals who now choose to drive without financial responsibility will somehow comply with the law during the entire period of their registration.

The mail in registration program which was designed to make the registration process more convenient will be more complicated for individuals who will have to make copies of documents (cards, dec pages, policies, etc.) to submit with their registration. Once again, we question what type of review will be made of the documents submitted. Will the Bureau reject a registration which does not contain proof or contains invalid proof, and will there be time for individuals to correct mistakes to avoid a large number of vehicle registration suspensions for failure to register within the correct time limit?

Group Two questions the ability of the deputy registrars to make a valid determination at the point of registration that what they are being shown is valid. These are the same individuals who presently are verbally informing registrars about the existing FR requirements, but are just telling people to "check the box." What incentive will there be to actually look at the "Proof?"

In summary, Group Two feels the proposal by the Group One is fraught with problems, which will increase hassles for presently responsible Ohioans and will not, to any significant degree, change the behavior of those citizens who have chosen to ignore the law and operate vehicles in violation of the exiting law. As the Task Force points out, total compliance is impossible. The proposal by Group One makes the registration process more cumbersome without solving the problem.

SUMMARY - 2001 FINANCIAL RESPONSIBILITY STUDY COMMITTEE REPORT

House Bill 163 (123rd General Assembly) sought to correct some of the inconveniences that law-abiding citizens experienced with the Random Verification System. The Bill established a task force to study the random selection program and the possibility of driver's being suspended inadvertently.

As a result of the legislation the BMV began to:

1. Compare addresses in their databases in order to mail notices to a customer's most recent address
2. Send letters of acknowledgement once proof of FR was received, and
3. Provide an additional notice of suspension

Before the corrections to the Random verification Process could be measured, a new bill was passed. House Bill 600 created The Financial Responsibility Study Committee whose mandate was to study "the feasibility of requiring insurance companies issuing motor vehicle liability insurance policies in Ohio to report certain policy information to the Registrar of Motor Vehicles." The committee responded by"

- Viewing presentations by several vendors who provide financial responsibility reporting programs
- Interviewing several BMV administrators regarding the operation of Electronic Insurance Verification Programs (EIVP) in their various states, and
- Consulting an insurance industry panel regarding their experience with EIVPs in other states.

The committee's findings were that:

- The EIVPs studied were expensive in relationship to the benefit that they provided
- EIVP's required extensive data matching between the Insurance Industry and the BMV, which gives rise to numerous inaccuracies and
- In many cases, these states' uninsured rates are no better and no worse than that of Ohio.

The body of The Task Force on the Enforcement of the Financial Responsibility Laws of Ohio is contained in the following addendum. The entire report, included all appendices, are available upon request.

LT. GOVERNOR MAUREEN O'CONNOR, DIRECTOR
DEPARTMENT OF PUBLIC SAFETY

J. LEE COVINGTON II, DIRECTOR
DEPARTMENT OF INSURANCE

FINANCIAL RESPONSIBILITY STUDY COMMITTEE

Committee Co-Chairs are Lt. Governor Maureen O'Connor, Director, Ohio Department Public Safety, and J. Lee Covington II, Director of the Ohio Department of Insurance. Director O'Connor and Director Covington served on the Study Committee by statute;

Director O'Connor and Director Covington were designated as committee co-chairs by statute.

Study Committee members appointed by the Governor are Daniel Kelso, President, Ohio Insurance Institute, and Terry Kelso, independent insurance agent.

Study Committee members appointed by the President of the Senate: Senator Scott Oelslager and Senator Leigh Herington.

Study Committee members appointed by the Speaker of the House: Representative Patricia Clancy and Representative Sylvester Patton.

LEGISLATIVE HISTORY

The 120th General Assembly passed Senate Bill 20, effective October 20, 1994, which required the Bureau of Motor Vehicles (BMV) to adopt a random verification program, (initiated November 1998) in order to ensure that Ohio's roads were used by responsible drivers. The BMV randomly requested 5,400 vehicle owners each week to provide proof of financial responsibility coverage within 21 days of the letter's date. An outside vendor, ATS/PASCO was chosen to run this program. Vehicle owners who failed to provide proof within 30 days were sent a second notice, which served as an actual suspension notice. The letter stated that a license suspension would begin 30 days later. Any vehicle owner whose mail was returned as undeliverable was not suspended.

In order to address the concerns that arose after the first implementation of the program, the BMV began to compare the addresses in its vehicle registration database with those in its driver license records. The BMV also contacted other state agencies and the U.S. Postal Service in order to determine if newer address information was available. In addition, the BMV began to send acknowledgement letters to those who provided proof of financial responsibility.

There were still concerns that people who are insured were not receiving their notices and might be suspended without knowing it. Additional concerns were that those suspended without knowing it could be subject to arrest, having their vehicles impounded or their plates confiscated and registrations confiscated. Legislators had received ongoing complaints that the Random Selection program, as administered, was intrusive. They charged that the burden of proof was placed on the law-abiding citizens.

Page 2
Financial Responsibility Committee

The 123rd General Assembly continued to address the issues surrounding the program in House Bill 163 (Appendix A). As a result of this legislation, the BMV began to send two notices of suspension instead of only one notice. The second notice (the third contact the BMV has with the vehicle owner) is now sent via certified mail. The three letters provide over 90 days for selected individuals to verify that they have vehicle insurance.

The legislature also ensured in HB 163 that individuals driving under a random verification suspension are not subject to arrest or vehicle impoundment. Law enforcement officers accessing information on the Law Enforcement Automated Data System or the National Law Enforcement Traffic System databases will see the following, "NOTICE TO PEACE OFFICER: DO NOT ARREST FOR DRIVING UNDER SUSPENSION BASED UPON RANDOM VERIFICATION NONCOMPLIANCE SUSPENSION NOR FRA SUSPENSION CONTAINED IN THIS RECORD. DO NOT SEIZE VEHICLE, LICENSE, REGISTRATION, NOR PLATES. ISSUE CITATION ONLY."

In addition, HB 163 allowed individuals to show proof of insurance at a deputy registrar office if they learn at the time of the transaction that they are under a random selection suspension.

HB 163 also established a task force to study the program and the possibility of individuals being suspended inadvertently. The task force decided that the changes adopted by the BMV and proposed under HB 163, which had not yet gone into effect at the task force's final meeting, would significantly reduce the number of inadvertent suspensions (see Task Force Report Appendix B).

The 123rd General Assembly also passed Amended House Bill 600, which created The Financial Responsibility Study Committee. The purpose of this committee was "to study the feasibility of requiring insurance companies issuing motor vehicle liability insurance policies in Ohio to report certain policy information to the Registrar of Motor Vehicles." (Appendix C).

STUDY COMMITTEE MEETINGS

The Financial Responsibility Study Committee held six meetings. The meetings were on January 10, February 28, April 25, May 23, June 27, and July 24, 2001. Prior to the first meeting, the Bureau of Motor Vehicles prepared a notebook for the committee members that included (Appendix D):

1. An outline and descriptions of Ohio's present Random Selection Program with statistics from the program. The statistics show about eleven percent-uninsured motorists' rate for Ohio.
2. The summary results of a survey conducted of states operating with some form of insurance reporting requirements. 24 states have some type of insurance reporting program. Most of those states require only the reporting of insurance policy cancellations.
3. The 1999 AAMVA Report On Electronic Insurance Reporting. The AAMVA study identifies three major types of reporting programs:
   A. Preemptive Programs-Try to identify uninsured vehicles or motorists by actively comparing registration and driving records against insurance policy information on a regular basis.
   B. Sampling Programs-Seek to identify uninsured by verifying that a statistical sample of motorists has valid insurance.

C. Passive/Reactive Programs-Try to verify that motorists who have indicated an unwillingness or inability to make restitution or are more likely to cause an accident have the means to pay for losses incurred by others.

THE MEETINGS

January 10, 2001 – At the first meeting, the Lieutenant Governor proposed that insurance reporting vendor contractors for the various states with insurance reporting programs be invited to describe their programs before the committee. The committee agreed and the Registrar invited the vendors providing insurance reporting programs in four states to describe their programs (see meeting minutes **Appendix E**).

FEBRUARY 28, 2001- The committee heard presentations from two vendors who provide insurance reporting programs for other states (see meeting minutes **Appendix E**):

ACCENTURE (formerly Anderson Consulting)-Accenture set up the electronic reporting system for New York Department of Motor Vehicles. This system is a turnkey operation and it is expected that the New York DMV will manage the system by the end of June 2001 (see **Appendix F** for Accenture's information and New York's Electronic Insurance Reporting Law).

EXPLORE INFORMATION SYSTEMS- Explore Information Systems set up the Colorado Motorist Insurance Identification Program for the Colorado Department of Revenue Motor Vehicle Division. Explore Information Systems developed and maintains the database program for Colorado (see **Appendix G** for Explore Information Systems materials).

APRIL 25, 2001- The committee listened to a review of two other states' insurance reporting requirements (see minutes **Appendix E**):

INSURE-RITE, INC.-Insure-Rite has been operating the Uninsured Motorist ID Database for Utah since their pilot program began in 1992 and recently received a 10-year extension (see **Appendix H**).

MS TECHNOLOGIES- MS Technologies presented the program they administer for Maryland called the Automated Compulsory Insurance System. Their system has been online since October 1, 2000 (see **Appendix I**).

MAY 25, 2001- The Registrar set up conference calls between the study committee and state officials from two of the states with insurance reporting requirements, Maryland and New York. Each state was provided with advance copies of questions, which the committee wished to have answered (see meeting notes **Appendix E**). Each state's program is unique as each state operates under their distinctive laws. Both states' representatives stated that their programs are too new and still in implementation phases so it is difficult to determine their success and too soon to predict any revisions they might wish to make. Maryland claims a 5% uninsured rate and New York says that their uninsured rate is 8%.

ATS/PASCO- A review of Ohio's existing random selection program was provided by representatives of ATS/Pasco, Ohio's contractor for the program. The company also related how their extensive service in verification of insurance of autos, homes, and other mortgaged assets for banks and

financial institutions gives them the experience needed for any insurance reporting program that may be adopted by Ohio (**Appendix J**).

June 27, 2001- The committee heard from several members of an insurance industry panel. The panel included a Senior Analyst from State Farm, a member of the Professional Insurance Agents Association, the Government Relations Director from Nationwide and the Government Affairs representative from the American Insurance Association. The panel reviewed their experiences with electronic reporting in other states, presented a brief history of the uninsured driver problem in Ohio, and pointed out some of the negative sides to electronic reporting (see meeting notes Appendix E). When asked, one of the panelists indicated that he felt that Virginia had the best electronic reporting system with respect to cost vs. benefit. The Director requested that the Registrar arrange a teleconference with officials from the Virginia Department of Motor Vehicles to learn about Virginia's' reporting program.

JULY 9, 2001- REVIEW OF THE VIRGINIA INSURANCE VERIFICATION PROGRAM
A teleconference was arranged with James Junius from the Virginia Department of Motor Vehicles to discuss their electronic insurance reporting program. The Registrar, and several other BMV staff members were on hand to ask questions and listen to Virginia's experiences with their program. This information was forwarded to committee members (see **Appendix E** section dated July 9, 2001).

July 24, 2001 Final Committee Meeting (see meeting minutes Appendix E) The committee convened for the last time on July 24. Virginia's insurance verification program was discussed. The committee reviewed the findings from previous meetings and stressed the original reason for the committee's organization. The committee then agreed on its conclusions and final recommendations.

Conclusion and Final Recommendation -The ODPS Director and other members of the Financial Responsibility Study Committee reiterated the reason for the formation of the committee. Legislators were receiving complaints about the operation of the Random Selection program, which was initiated in November 1998. People felt that the burden of proof was placed primarily on honest law-abiding citizens that drive with insurance. These complaints led to the formation of a task force in 1999 to study the Bureau of Motor Vehicles existing method of random selection to verify financial responsibility. Many changes were made in the administration of the Random Selection program as a result of this task force (changes previously cited in **Appendix B** the Task Force Report.) Before the effect of these changes could be measured, the 123rd General assembly passed Amended HB 600. Amended HB 600 created the Financial Responsibility Study Committee to investigate the feasibility of requiring insurance companies issuing motor vehicle liability insurance policies in Ohio to report certain policy information to the Registrar of Motor Vehicles.

The committee reviewed electronic insurance reporting programs in several states. Several vendors who provide insurance reporting programs made presentations before the Financial Study Committee. Several motor vehicle department administrators answered questions about the operation of electronic insurance reporting programs in their states through telephone conferences. The committee also listened to an insurance industry panel cite their experiences with electronic insurance reporting in various states. One state, Virginia, was mentioned by the insurance panelists as having the best of the reporting plans with regard to cost vs. benefit. The Registrar and several staff members of the Bureau of Motor Vehicles interviewed the project manager for Virginia's reporting program.

Reviews of the various states plans show that these plans have been implemented and operate at great cost to the taxpayers of these states, or, in some states, are supported by fines generated. Although most of the electronic insurance reporting plans have produced a lower percentage of uninsured drivers from the figures reported at the inception of the program, many have not achieved a rate equal to that achieved by Ohio's Random Selection program.

The primary disadvantages to plans studied are that they are expensive in relationship to their benefit; they require extensive data compilation by the insurance industry and a matching of that data with Bureau of Motor Vehicles records which gives rise to numerous inaccuracies. The result is no better and in some cases worse, than Ohio's current program. There were many steps taken to improve the Random Selection program as a result of the Task Force created in 1999. All the members of the Committee agree that the steps taken to ameliorate the problems have resulted in a major reduction in complaints from citizens about the Random Selection program. Additional refinements to the program continue to be proposed and implemented. Issues involving seasonal vehicles, inoperable vehicles, medical cases, incarcerated individuals, military personnel, and sold vehicles are being addressed. The legislators and the Bureau of Motor Vehicles will continue to search for ways to improve the system and do things better.

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OHIO DEPARTMENT OF PUBLIC SAFETY
- Administration
- Ohio State Highway Patrol
- Bureau of Motor Vehicles
- Division of Emergency Medical Services
- Emergency Management Agency

October 22, 1997

George V. Voinovich, Governor
Harold Duryee, Director, Ohio Department of Insurance
Jo Ann Davidson, Speaker, Ohio House of Representatives
Richard Finan, President, Ohio Senate
Representative Robert Netzley, Chairman, Insurance Committee
Senator Karen Gillmor, Chairman, Insurance, Commerce and Labor Committee
Representative Sam Bateman, Chairman, Transportation and Public Safety
Senator Scott Oelslager, Chairman, Highways and Transportation Committee

The *Task Force on the Enforcement of the Financial Responsibility Laws of Ohio* has completed its review of the current laws governing financial responsibility. The charge of the Task Force was to review the effectiveness of Senate Bill 20, 120th Ohio General Assembly, as well consider recommendations for changes to the Ohio Revised Code that might further enhance enforcement of Ohio's financial responsibility law.

Senate Bill 20 provided significant new tools to law enforcement agencies, the courts and the Ohio Bureau of Motor Vehicles that assist in identifying uninsured drivers in this State. In particular, Senator Roy Ray's legislation provided that all individuals stopped for a moving violation be required to demonstrate proof of financial responsibility. In the event a person is determined to be uninsured, Senate Bill 20 provided increased penalties for repeat offenders as well as monitoring of their financial responsibility status for the next five (5) years as a condition of reinstatement of their driving privileges.

The Task Force concluded that Senate Bill 20 has been effective in identifying uninsured drivers. I would be pleased to respond to any inquiries regarding this report. In compliance with the provisions of Senate Bill 20, I am providing a copy of this report to all persons identified in the Ohio Revised Code to receive a copy.

Sincerely,

Franklin Caltrider

FRANKLIN R. CALTRIDER
REGISTRAR

FRC:mc:093

cc: Robert Erwin
Judge Frederick C. Hany
Dan Kelso
Martin McKean
State Representative Don Mottley
State Senator Roy Ray
Ed Smerek

Mission Statement
"to save lives, reduce injuries and economic loss, to administer Ohio's motor vehicle laws and to preserve the safety and well-being of all citizens with the most cost effective and service oriented methods available."

Task Force on the Enforcement of the Financial Responsibility Laws of Ohio

Senate Bill 20

Franklin R. Caltrider, Chairman
Registrar, Bureau of Motor Vehicles

The Honorable Roy Ray, Vice-Chairman
Ohio Senate
Representing: Ohio Senate

The Honorable Don Mottley
Ohio House of Representatives
Representing: Ohio House of Representatives

Robert Erwin
Representing: Insurance agents licensed to sell motor vehicle insurance in the State of Ohio

The Honorable Frederick C. Hany
Representing: Courts hearing traffic cases

Dan Kelso
Representing: Insurers writing motor vehicle liability insurance in the State of Ohio

Martin McKean
Representing: Law enforcement communities

Ed Smerek
Representing: Consumers