

# HOUSE RESEARCH

## Bill Summary

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**Version:** Second Engrossment

**Authors:** Severson

**Subject:** Vehicle insurance verification

**Analyst:** John Williams, 651-296-5045

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### Overview

This bill temporarily suspends the random motor vehicle insurance compliance sampling program and rescinds criminal violations and driver license suspensions related to it. It directs the Department of Public Safety to make changes in the program to insure that notices are properly delivered.

#### Section

- 1 **Suspension of program.** Suspends the program under which the Department of Public Safety samples 2 percent of all vehicle owners each year for check compliance with vehicle insurance requirements by requesting them to submit their insurance information, and suspends the driver's license of persons who fail to respond to the sampling inquiry.
- 2 **Reinstatement of license.** Requires the department to reinstate all driver's licenses that were suspended under the law that authorized suspension for failure to respond to request for insurance information under insurance random sampling program.
- 3 **Dismissal of charges.** Makes void all charges, complaints, and citations issued for a violation of the law requiring persons receiving inquiry under the insurance random sampling program to respond.
- 4 **Removal of previous violations.** Requires the department to remove from driving record all notations of convictions for
  - failure to respond to an inquiry under the insurance random sampling program
  - any violation related to the program, including driving after license suspension for

## Section

noncompliance with the program

Prohibits insurers from raising premiums because of such violations, if the violation occurred before enactment of this section. Requires insurers to rescind any such increase.

**5 Remediation for convictions.** Requires a court in which a conviction for violation of the law requiring persons receiving inquiry under the insurance random sampling program to respond to immediately notify the convicted person that the conviction has been vacated. Requires the commissioner of finance, in consultation with Supreme Court administrator, to develop and implement a plan to refund fines for such violations, without requiring convicted person to apply for refund.

**6 Remediation by insurers.** Requires vehicle insurers within 60 days after effective date to inform commissioner of commerce as to whether it has cancelled, non-renewed, denied, or imposed surcharge on insurance because of conviction for violation of the law requiring persons receiving inquiry under the insurance random sampling program to respond. Requires the insurer to also provide a list of such persons and indicate for each such person the remediation the insurer intends to provide. Requires remediation to compensate by providing refund and reinstating coverage.

**7 Public Safety funding.** Requires commissioner of public safety to use unspent funds appropriated for the insurance sampling program to accomplish required remediation. Allows unspent funds on June 30, 2005, to carry over into next biennium if needed to complete remediation.

**8 Report.** Requires department to report to legislative committees on the program by September 1, 2007. Requires the report to:

- identify what the department has done to insure that requests for insurance information under the program will be delivered to the addressee
- describe changes to the request form and envelope that will call attention to the need to respond to it
- propose changes in the program to insure that owners will receive notice of intent to suspend a driver's license under the program, and that actual notice is given with opportunity for response
- identify needed changes in law

**9 Resumption of program.** Allows the department to resume implementation of the program on January 10, 2006, with modifications identified in the report. Allows the department to begin requesting insurance information under the program on September 19, 2005, with those modifications but prohibits driver's license suspensions and other penalties under the program until January 10, 2006.

**10 Appropriation.** Makes blank appropriation from general fund to commissioner of finance for fiscal 2005 to pay refunds of fines.

**11 Effective date.** Makes sections 1 to 10 effective immediately, with a January 10, 2006, sunset date.