

The House Committee on Insurance offers the following substitute to HB 498:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles and
2 traffic, so as to change the definition of commercial vehicle policy and fleet policy; to repeal
3 Code Section 40-5-71 of the Official Code of Georgia Annotated, relating to notice of
4 insurance issuance, renewal, or termination of drivers' licenses, and incorporate the
5 provisions thereof in Code Section 40-2-137; to change the term "commercial vehicle policy"
6 to "commercially insured vehicle policy"; to provide for related matters; to repeal conflicting
7 laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Title 40 of the Official Code of Georgia Annotated, relating to motor vehicles and traffic, is
11 amended by revising Code Section 40-2-137, relating to definitions and notification of
12 coverage termination, as follows:

13 "40-2-137.

14 (a) As used in this Code section, the term:

15 (1) ~~'Commercial'~~ 'Commercially insured' vehicle policy' means a policy of ~~motor vehicle~~
16 ~~liability insurance insuring a motor vehicle that is rated or insured as a business use or~~
17 ~~commercial use vehicle or is licensed by the state as a commercial vehicle~~ insurance that:

18 (A) Is written on a commercial coverage form and is not dependent on the type of
19 vehicle insured;

20 (B) Is issued with an insurance identification card referencing 'commercial' or 'fleet';

21 (C) Insures two or more vehicles that are not identified individually by vehicle
22 identification number on the policy; or

23 (D) Is subject to adjustment by audit for vehicle changes at the end of the policy
24 period.

25 (2) ~~'Fleet policy'~~ means a ~~commercial vehicle policy that insures two or more vehicles~~
26 ~~that are not identified individually by vehicle identification number on the policy or a~~

1 commercial policy that is subject to adjustment by audit for vehicle changes at the end
2 of the policy period.

3 ~~(3)~~(2) 'Lapse' means one or more days upon which the records of the department do not
4 reflect that a motor vehicle was covered by a policy of minimum motor vehicle insurance
5 coverage.

6 ~~(4)~~(3) 'Minimum motor vehicle insurance coverage' means minimum coverage as
7 specified in Chapter 34 of Title 33.

8 (4) 'Owner' has the meaning provided by paragraph (39) of Code Section 40-1-2 except
9 that such term shall mean a lessee of a vehicle when the vehicle is operated under a lease
10 agreement.

11 (5) 'Proof of minimum insurance coverage' means the receipt from an insurer by the
12 department of notice of such insurance coverage by electronic transmission or other
13 means approved by the department.

14 (6) 'Terminate' or 'termination' means actual cessation of insurance coverage after the
15 date upon which coverage will not be restored for any reason, including without
16 limitation cancellation, nonrenewal, and nonpayment of premium and without regard to
17 whether such cessation was preceded by any extension or grace period allowed by the
18 insurer.

19 (b)(1)(A) For purposes of aiding in the enforcement of the requirement of minimum
20 motor vehicle liability insurance, any insurer issuing or renewing in this state any
21 policy of motor vehicle liability insurance required by Chapter 34 of Title 33 other than
22 a commercially insured vehicle policy shall within 30 days after the date the insurance
23 agent binds the coverage or on the date such coverage was renewed, whichever is
24 applicable, provide notice of such insurance coverage by electronic transmission to the
25 department; except that once coverage data has been electronically transmitted to the
26 department, there shall be no requirement to report on subsequent renewals of that
27 coverage. Insurance coverage information included in such notice of issue or renewal
28 shall be limited exclusively to the name of the insurer, the vehicle identification
29 number, the make and year of the insured motor vehicle, and the policy effective date.
30 The department shall not require the policy limits to be disclosed for purposes of this
31 subparagraph. For the purposes of this Code section, the vehicle identification number
32 shall be the vehicle identification number as that number is shown in the records of the
33 department. For the purposes of this Code section, the Commissioner of Insurance shall
34 furnish such notices to the department upon issuance of a certificate of self-insurance.
35 (B) In cases in which the minimum motor vehicle insurance coverage required by
36 Chapter 34 of Title 33 terminates, the insurer shall by electronic transmission notify the
37 department of such coverage termination on or before the date coverage ends or, if

1 termination is at the request of the insured, then on the date such request is processed
 2 by the insurer. Insurance coverage termination information included in such notice
 3 shall include vehicle identification number and the date of coverage termination. For
 4 the purposes of this Code section, the Commissioner of Insurance shall furnish such
 5 notices to the department upon termination of a certificate of self-insurance.

6 (C) The commissioner shall notify the Commissioner of Insurance quarterly of any and
 7 all violations of the notice requirements of this paragraph by any insurer, and the
 8 Commissioner of Insurance may take appropriate action against such insurer the same
 9 as is authorized by Code Section 33-2-24 for violations of Title 33; provided, however,
 10 that there shall be no private cause of action against an insurer or the department for
 11 civil damages for providing information, failing to provide information, or erroneously
 12 providing information pursuant to this Code section. No insurer shall utilize the costs
 13 of any audit or examination conducted by the Insurance Department pursuant to this
 14 paragraph as a cost of business in the insurer's rate base.

15 (D) The reports required of insurers and the Commissioner of Insurance shall not apply
 16 to any vehicle for which the vehicle coverage is provided by a commercially insured
 17 vehicle policy.

18 (2) The department shall prescribe the form and manner of electronic transmission for
 19 the purposes of insurers sending the notices required by this Code section which shall in
 20 no way be construed as modifying the provisions of Code Section 33-24-45.

21 (3) Notwithstanding the provisions of paragraph (1) of this subsection, any irregularities
 22 in the notice to the department required by paragraph (1) of this subsection shall not
 23 invalidate an otherwise valid termination.

24 (4) The minimum liability insurance records which the department is required to
 25 maintain under this Code section or any other provision are exempt from the provisions
 26 of any law of this state requiring that such records be open for public inspection;
 27 provided, however, that the records of any particular motor vehicle may be available for
 28 inspection by any law enforcement officer for official law enforcement investigations, the
 29 insurer of record, and the owner of the vehicle in the manner prescribed by the
 30 commissioner.

31 (c)(1) The department shall monitor the reporting of the issuance of new and renewal
 32 policies and termination of coverage by insurers.

33 (2) A match is based upon the vehicle identification number as recorded on the
 34 department's motor vehicle records. When the vehicle identification number does not
 35 match the department's motor vehicle records, the department shall notify the insurer and
 36 the insurer shall, within 30 days from receipt of the returned error, correct the vehicle
 37 identification number and resubmit the transaction. After receipt of the department's

1 notice, if the insurer determines that the vehicle identification number that it submitted
 2 to the department is in fact the accurate number on the insured vehicle, then the insurer
 3 shall so notify the department and the owner of the vehicle, whereupon the owner shall,
 4 in accordance with department procedures, obtain a correction of such number at the
 5 appropriate county tag office.

6 ~~(b)~~(d)(1) After receipt of notification of coverage termination, if the department does not,
 7 on or before the effective date of such termination, receive notice from an insurer that
 8 new minimum motor vehicle insurance coverage for such motor vehicle has been issued,
 9 the department shall send a notice to the owner of the motor vehicle stating that the
 10 department has been informed of the fact of the coverage termination and informing the
 11 owner of the penalties provided by law. The department shall send such notice to the
 12 address of the owner of the motor vehicle shown on the records of the department. The
 13 mailing of such notice by the department to the address of the owner of the motor vehicle
 14 as shown on the records of the department shall be deemed conclusively to be notice to
 15 such owner of such owner's duty to maintain the required minimum insurance coverage
 16 and the possible penalties and consequences for failing to do so and shall be deemed to
 17 satisfy all notice requirements of law and no further notice to the owner shall be required
 18 for the suspensions and revocations provided for in this Code section.

19 (2) It shall be the duty of the owner of such motor vehicle to obtain minimum motor
 20 vehicle insurance coverage and it shall be the duty of the owner's insurer to provide proof
 21 of such coverage to the department within 30 days of the date of such notice, pursuant to
 22 the requirements of subparagraph (b)(1)(A) of ~~Code Section 40-5-71~~ this Code section.
 23 If the vehicle is covered by a ~~fleet~~ commercially insured vehicle policy, the owner's
 24 insurer shall not be required to provide such proof to the department by electronic means.

25 ~~(c)~~(e)(1) When proof of minimum motor vehicle insurance coverage is provided within
 26 the time period specified in this Code section, but there has been a lapse of coverage for
 27 a period of more than ten days, the owner shall remit a \$25.00 lapse fee to the
 28 department. Failure to remit the lapse fee to the department within 30 days of the date
 29 on which the notification was mailed by the department will result in the suspension of
 30 the owner's motor vehicle registration by operation of law as if the proof had not been
 31 provided in a timely manner as provided in paragraph (2) of this subsection. If any lapse
 32 fee provided for in this Code section is paid to the county tax commissioner, the county
 33 shall retain \$5.00 thereof as a collection fee.

34 (2) If proof is not provided within the time period specified in this Code section that
 35 minimum motor vehicle insurance coverage is in effect, the owner's motor vehicle
 36 registration shall be suspended immediately by operation of law by the department.
 37 When such proof is provided and the owner pays a \$25.00 lapse fee and pays a \$60.00

1 restoration fee, the suspension shall terminate; provided, however, that the commissioner
 2 may waive the lapse fee and restoration fee for any owner whose vehicle registration has
 3 been suspended pursuant to this paragraph who provides proof of continuous minimum
 4 motor vehicle insurance coverage. If any restoration fee provided for in this Code section
 5 is paid to the county tax commissioner, the county shall retain \$10.00 thereof as a
 6 collection fee.

7 (3) In the event of a second suspension of the owner's registration under this Code
 8 section on or after December 1, 2003, during any five-year period, the department by
 9 operation of law shall suspend the motor vehicle registration for a period of 90 days.
 10 After the 90 day suspension period and when proof is provided that minimum motor
 11 vehicle insurance coverage is in effect and the owner pays a \$25.00 lapse fee and pays
 12 a \$60.00 restoration fee, the suspension shall terminate.

13 (4) In the event of a third or subsequent suspension of the owner's registration under this
 14 Code section on or after December 1, 2003, during any five-year period, the department
 15 by operation of law shall revoke the motor vehicle registration and no new application
 16 for registration shall be accepted for a period of six months after such revocation. After
 17 six months from the date of revocation and when proof is provided that minimum motor
 18 vehicle insurance coverage is in effect and the owner pays a \$25.00 lapse fee and pays
 19 a \$160.00 restoration fee, the owner may apply for registration of the motor vehicle.

20 ~~(d)~~(f)(1) The commissioner may waive the lapse fee for any owner whose vehicle
 21 registration has been voluntarily canceled pursuant to Code Section 40-2-10.

22 (2) Upon being presented with a copy of official orders or other satisfactory proof of
 23 ordered duty as approved by rule or regulation of the commissioner showing that an
 24 owner of a motor vehicle was deployed outside the continental United States on active
 25 military duty in the armed forces of the United States at the time his or her minimum
 26 motor vehicle insurance coverage for such vehicle terminated, the county tag agent shall
 27 waive the lapse fee and restoration fee, suspension of the owner's motor vehicle
 28 registration under this Code section shall terminate, and application for registration of the
 29 vehicle which otherwise satisfies requirements provided by law may be accepted without
 30 delay.

31 (3) Notwithstanding any provision in this Code section to the contrary, the commissioner
 32 may temporarily waive or suspend fees, penalties, and notices under this Code section to
 33 any or all owners of motor vehicles as may be necessary in the commissioner's discretion
 34 to effectuate changes and improvements to the management of the department's records
 35 and electronic data.

36 ~~(e)~~(g) The commissioner may promulgate such rules and regulations as are necessary to
 37 implement this Code section.

1 ~~(f)~~(h) The department shall commence suspending motor vehicle registrations as provided
 2 in this Code section on December 1, 2003. The department shall commence requiring
 3 payment of lapse fees and restoration fees as provided in this Code section on January 1,
 4 2004.

5 ~~(g)~~(i) The county tax commissioner shall have the authority to waive a lapse fee if
 6 sufficient proof is provided that no actual lapse in coverage occurred. This proof must be
 7 retained by the county tax commissioner for audit purposes.

8 ~~(h)~~(j) Notwithstanding any provision of law to the contrary, a person on active military
 9 duty in the armed forces of the United States whose motor vehicle is registered in this state
 10 and has license plates from this state and who, as a result of his or her military duties or
 11 assignment, is required to reside in another state may meet the requirements for minimum
 12 motor vehicle liability coverage by purchasing such coverage in amounts equal to or
 13 greater than the minimum coverages required by Georgia law and providing proof of such
 14 coverage to the department. In such cases, the motor vehicle shall continue to be registered
 15 and licensed in this state as long as it otherwise meets the requirements of law."

16 SECTION 2.

17 Said title is further amended by revising subparagraph (d)(1)(B) of Code Section 40-2-26,
 18 relating to form and contents of application for registration, as follows:

19 "(B) Information obtained from the records or data base of the department regarding
 20 the owner's insurance coverage which information is derived from notice provided to
 21 the department pursuant to Code Section ~~40-5-71~~ 40-2-137; or"

22 SECTION 3.

23 Said title is further amended by repealing and reserving Code Section 40-5-71, relating to
 24 notice of insurance issuance, renewal, or termination of drivers' licenses.

25 SECTION 4.

26 Said title is further amended by revising subsections (a) and (c) of Code Section 40-5-72,
 27 relating to forwarding of license, tag, and tag registration to the department, as follows:

28 "(a) It is the duty of any person who has his or her driver's license and, where applicable,
 29 license tag and tag registration suspended under the provisions of Code Section 40-5-70
 30 or ~~40-5-71~~ 40-2-137 immediately upon suspension and demand of the department to
 31 forward such items to the department."

32 "(c) Unless otherwise provided in this Code section, notice of the effective date of
 33 suspension shall occur when the driver receives actual knowledge or legal notice of the
 34 suspension, whichever occurs first. For the purposes of making any determination relating

1 to the return of a suspended motor vehicle driver's license and, where applicable, license
 2 tag and tag registration, a period of suspension under Code Section 40-5-70 or ~~40-5-71~~
 3 40-2-137 or this Code section shall begin upon the date of conviction adjudicated by the
 4 court having jurisdiction."

5 SECTION 5.

6 Said title is further amended by revising Code Section 40-6-10, relating to insurance
 7 requirements for operation of motor vehicles generally, as follows:

8 "40-6-10.

9 (a)(1) Until December 31, 2003, the owner or operator of a motor vehicle for which
 10 minimum motor vehicle liability insurance coverage is required under Chapter 34 of Title
 11 33 shall keep proof or evidence of required minimum insurance coverage in the vehicle
 12 at all times during the operation of the vehicle. The owner of a motor vehicle shall
 13 provide to any operator of such vehicle proof or evidence of required minimum insurance
 14 coverage for the purposes of compliance with this subsection.

15 (2) The following shall be acceptable proof of insurance on a temporary basis:

16 (A) If the policy providing such coverage was applied for within the last 30 days, a
 17 current written binder for such coverage for a period not exceeding 30 days from the
 18 date such binder was issued shall be considered satisfactory proof or evidence of
 19 required minimum insurance coverage;

20 (B) If the vehicle is operated under a rental agreement, a duly executed vehicle rental
 21 agreement shall be considered satisfactory proof or evidence of required minimum
 22 insurance coverage; and

23 (C) If the owner acquired ownership of the vehicle within the past 30 days, if the type
 24 of proof described in subparagraph (A) of this paragraph is not applicable but the
 25 vehicle is currently effectively provided with required minimum insurance coverage
 26 under the terms of a policy providing required minimum insurance coverage for another
 27 motor vehicle, then a copy of the insurer's declaration of coverage under the policy
 28 providing such required minimum insurance coverage for such other vehicle shall be
 29 considered satisfactory proof or evidence of required minimum insurance coverage for
 30 the vehicle, but only if accompanied by proof or evidence that the owner acquired
 31 ownership of the vehicle within the past 30 days.

32 (2.1) If the vehicle is insured under a ~~fleet~~ commercially insured vehicle policy as
 33 defined in Code Section 40-2-137 providing the required minimum insurance coverage
 34 or if the vehicle is engaged in interstate commerce and registered under the provisions of
 35 Article 3A of Chapter 2 of this title, the insurance information card issued by the insurer

1 shall be considered satisfactory proof of required minimum insurance coverage for the
2 vehicle.

3 (2.2) If the vehicle is insured under a certificate of self-insurance issued by the
4 Commissioner of Insurance providing the required minimum insurance coverage under
5 which the vehicle owner did not report the vehicle identification number to the
6 Commissioner of Insurance, the insurance information card issued by the Commissioner
7 of Insurance shall be considered satisfactory proof of required minimum insurance
8 coverage for the vehicle, but only if accompanied by a copy of the certificate issued by
9 the Commissioner of Insurance.

10 (3) On and after July 1, 2005, the requirement under this Code section that proof or
11 evidence of minimum liability insurance be maintained in a motor vehicle at all times
12 during the operation of the vehicle shall not apply to the owner or operator of any vehicle
13 for which the records or data base of the Department of Revenue indicates that required
14 minimum insurance coverage is currently effective.

15 (4) Except as otherwise provided in paragraph (7) of this subsection, any person who
16 fails to comply with the requirements of this subsection shall be guilty of a misdemeanor
17 and, upon conviction thereof, shall be subject to a fine of not less than \$200.00 nor more
18 than \$1,000.00 or imprisonment for not more than 12 months, or both.

19 (5) Every law enforcement officer in this state shall determine if the operator of a motor
20 vehicle subject to the provisions of this Code section has the required minimum insurance
21 coverage every time the law enforcement officer stops the vehicle or requests the
22 presentation of the driver's license of the operator of the vehicle.

23 (6) If a law enforcement officer of this state determines that the owner or operator of a
24 motor vehicle subject to the provisions of this Code section does not have proof or
25 evidence of required minimum insurance coverage, the arresting officer shall issue a
26 uniform traffic citation for operating a motor vehicle without proof of insurance. If the
27 court or arresting officer determines that the operator is not the owner, then a uniform
28 traffic citation may be issued to the owner for authorizing the operation of a motor
29 vehicle without proof of insurance.

30 (7) If the person receiving a citation under this subsection shows to the court having
31 jurisdiction of the case that required minimum insurance coverage was in effect at the
32 time the citation was issued, the court may impose a fine not to exceed \$25.00. The court
33 shall not in this case forward a record of the disposition of the case to the department and
34 the driver's license of such person shall not be suspended.

35 (8)(A) For purposes of this Code section up to and including December 31, 2003, a
36 valid insurance card shall be sufficient proof of insurance for any vehicle.

1 (B) For purposes of this Code section on and after January 1, 2004, a valid insurance
2 card shall be sufficient proof of insurance only for any vehicle covered under a ~~fleet~~
3 commercially insured vehicle policy as defined in Code Section ~~40-5-71~~ 40-2-137 .

4 The insurance card for a ~~fleet~~ commercially insured vehicle policy shall contain at least
5 the name of the insurer, policy number, policy issue or effective date, policy expiration
6 date, and the name of the insured and may, but shall not be required to, include the year,
7 make, model, and vehicle identification number of the vehicle insured.

8 (C) For any vehicle covered under a policy of motor vehicle liability insurance that is
9 not a ~~fleet~~ commercially insured vehicle policy as defined in Code Section ~~40-5-71~~
10 40-2-137, the insurer shall issue a policy information card which shall contain at least
11 the name of the insurer, policy number, policy issue or effective date, policy expiration
12 date, name of the insured, and year, make, model, and vehicle identification number of
13 each vehicle insured; and on and after January 1, 2004, the owner or operator of the
14 motor vehicle shall keep such policy information card in the vehicle at all times during
15 operation of the vehicle for purposes of Code Section 40-6-273.1, but any such policy
16 information card shall not be sufficient proof of insurance for any purposes of this Code
17 section except as otherwise provided in this Code section.

18 (b) An owner or any other person who knowingly operates or knowingly authorizes
19 another to operate a motor vehicle without effective insurance on such vehicle or without
20 an approved plan of self-insurance shall be guilty of a misdemeanor and, upon conviction
21 thereof, shall be subject to a fine of not less than \$200.00 nor more than \$1,000.00 or
22 imprisonment for not more than 12 months, or both. An operator of a motor vehicle shall
23 not be guilty of a violation of this Code section if such operator maintains a policy of motor
24 vehicle insurance which extends coverage to any vehicle the operator may drive. An owner
25 or operator of a motor vehicle shall not be issued a citation by a law enforcement officer
26 for a violation of this Code section if the sole basis for issuance of such a citation is that
27 the law enforcement officer is unable to obtain insurance coverage information from the
28 records of the department.

29 (c) Any person who knowingly makes a false statement or certification under Code
30 Section ~~40-5-71~~ 40-2-137 or this Code section shall be guilty of a misdemeanor and, upon
31 conviction thereof, shall be subject to a fine of not less than \$200.00 nor more than
32 \$1,000.00 or imprisonment for not more than 12 months, or both.

33 (d) Except for vehicles insured under a ~~fleet~~ commercially insured vehicle policy as
34 defined in Code Section 40-2-137 or under a plan of self-insurance approved by the
35 Commissioner of Insurance, insurance coverage information from records of the
36 department shall be prima-facie evidence of the facts stated therein and shall be admissible
37 as evidence in accordance with Code Section 24-3-17 for the purposes of this Code section.

1 (e) The minimum liability insurance data base of the department shall be operational for
2 the purposes of testing, evaluation, verification of data, and validation of accuracy not later
3 than November 1, 2002, and shall be fully operational not later than January 1, 2004."

4 **SECTION 6.**

5 All laws and parts of laws in conflict with this Act are repealed.