

SENATE BILL No. 290

DIGEST OF INTRODUCED BILL

Citations Affected: IC 9-13-2-82.5; IC 9-25-5.5.

Synopsis: Cancellation of auto insurance. Requires an insurer to notify the bureau of motor vehicles when the insurer cancels a motor vehicle liability policy that covers a motor vehicle registered in Indiana. Requires the bureau to: (1) notify a person when the bureau receives notice from the person's insurer of a cancellation; and (2) require the person to give the bureau proof of financial responsibility within 20 days after receiving the bureau's notice of cancellation. Requires the bureau to revoke a person's operator's license if the person fails to respond to a notice demanding that the person show proof of financial responsibility.

Effective: January 1, 1999.

Miller

January 7, 1998, read first time and referred to Committee on Insurance and Interstate Cooperation.

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Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

SENATE BILL No. 290

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 9-13-2-82.5 IS ADDED TO THE INDIANA
2 CODE AS A NEW SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 1999]: **Sec. 82.5. "Insurer", for**
4 **purposes of IC 9-25-5.5, has the meaning set forth in**
5 **IC 27-1-2-3(x).**

6 SECTION 2. IC 9-25-5.5 IS ADDED TO THE INDIANA CODE
7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
8 JANUARY 1, 1999]:

9 **Chapter 5.5. Notification of Insurance Cancellation**

10 **Sec. 1. (a) If an insurer that issued a motor vehicle liability**
11 **policy for a motor vehicle referred to specifically in the motor**
12 **vehicle liability policy by the name of the manufacturer, the name**
13 **and year of the model, and the identification number of the motor**
14 **vehicle determines that the motor vehicle liability policy is:**

- 15 (1) canceled by the policyholder before the expiration of the
16 term for which the policy was issued or renewed; or
17 (2) to be canceled by the insurer before the expiration of the



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1 term for which the policy was issued or renewed because of
 2 the failure of the policyholder to pay premiums on the motor
 3 vehicle liability policy;
 4 the insurer shall notify the bureau of the cancellation of the motor
 5 vehicle liability policy.

6 (b) The notice provided to the bureau under this section must
 7 include the following:

8 (1) The name and mailing address of the insurer.

9 (2) The date on which the cancellation of the motor vehicle
 10 liability policy took effect or will take effect.

11 (3) The name and mailing address of each person to whom
 12 the policy was issued.

13 (4) The following information about each motor vehicle
 14 covered under the canceled motor vehicle liability policy:

15 (A) The name of the manufacturer of the motor vehicle.

16 (B) The name and year of the model of the motor
 17 vehicle.

18 (C) The identification number of the motor vehicle.

19 (c) An insurer shall provide the notice required under this
 20 section not more than five (5) business days after the insurer is
 21 informed or determines that the motor vehicle liability policy is
 22 canceled or is to be canceled.

23 (d) The notice required by this section must be sent by the
 24 insurer to the bureau by:

25 (1) first class mail; or

26 (2) any means that transmits the notice to the bureau at least
 27 as quickly as first class mail.

28 Sec. 2. (a) The bureau shall, not later than ten days (10) after
 29 receiving a notice of a cancellation under section 1 of this chapter,
 30 send a notice to each policyholder by first class mail or by any
 31 means that transmits the notice to the policyholder at least as
 32 quickly as first class mail.

33 (b) The notice provided to a policyholder under this section
 34 must include the following statement or its substantial equivalent:

35 "Indiana law requires you to continuously maintain financial
 36 responsibility with respect to your motor vehicle for as long
 37 as you operate your motor vehicle on the public highways of
 38 Indiana. If you rely on this motor vehicle policy to satisfy the
 39 financial responsibility requirement and you intend to
 40 continue operating your motor vehicle on the public
 41 highways of Indiana, you must obtain a new motor vehicle
 42 insurance policy to satisfy the financial responsibility



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1 requirement or satisfy the requirement by another means
 2 allowed by law. If not later than twenty (20) days after the
 3 postmark of this notice you have not notified the Bureau of
 4 Motor Vehicles of how you are going to maintain financial
 5 responsibility with respect to your motor vehicle, your
 6 operator's license will be revoked and subject to
 7 confiscation."

8 **Sec. 3. (a)** Not more that twenty (20) days after the postmark
 9 date of the notice sent by the bureau under section 2 of this chapter
 10 stating that the bureau received a notice under section 1 of this
 11 chapter, the person must inform the bureau of the means by which
 12 the person will continue to satisfy the financial responsibility
 13 requirements of this article with respect to the person's motor
 14 vehicle or vehicles.

15 (b) The information required by this section must be provided
 16 under rules adopted by the commission under section 6 of this
 17 chapter. However, irrespective of any other means that may be
 18 allowed by the rules of the commission, a person who is
 19 maintaining financial responsibility by obtaining a new motor
 20 vehicle policy satisfies the requirements of this section by sending
 21 to the bureau by first class mail a written statement that:

22 (1) sets forth:

23 (A) the name of the manufacturer, the name and year of
 24 the model, and the identification number of the motor
 25 vehicle;

26 (B) the policy number of the new motor vehicle policy;
 27 and

28 (C) the name and address of the insurer issuing the new
 29 policy; and

30 (2) is signed by:

31 (A) the person obtaining the new policy; and

32 (B) the insurance agent through whom the new policy is
 33 issued.

34 **Sec. 4.** If a person to whom a notice is provided under section
 35 2 of this chapter does not present the information required under
 36 section 3 of this chapter to the bureau not later than twenty (20)
 37 days after the postmark date of the notice sent by the bureau under
 38 section 2 of this chapter, the bureau shall revoke the operator's
 39 license of the person.

40 **Sec. 5. (a)** The bureau shall notify the insurance commissioner
 41 appointed under IC 27-1-1-2 of a violation of this chapter by an
 42 insurer.



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1 **(b) The insurance commissioner may take action under**
2 **IC 27-1-3 and IC 4-21.5 against an insurer that violates this**
3 **chapter, including the suspension or revocation of the certificate of**
4 **authority of the insurer.**

5 **Sec. 6. The commission may adopt rules under IC 4-22-2 to**
6 **administer this chapter.**

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