
SENATE BILL No. 251

DIGEST OF INTRODUCED BILL

Citations Affected: IC 9-18-2-11.5; IC 9-25-5.5; IC 27-2-22.

Synopsis: Notification of auto insurance cancellation. Requires an insurer to notify the bureau of motor vehicles (BMV) if a motor vehicle insurance policy is canceled before the expiration date of the policy. Requires the BMV to revoke the operator's license of a person who was a policyholder under a canceled policy if the person fails to inform the BMV of how the person will maintain financial responsibility on the person's vehicle after canceling the policy, unless the person receives an exemption from the BMV.

Effective: July 1, 2007.

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January 8, 2007, read first time and referred to Committee on Insurance and Financial Institutions.

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First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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SENATE BILL No. 251



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 9-18-2-11.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]: **Sec. 11.5. (a) A registration application form prescribed**
4 **by the bureau under this chapter after December 31, 2007, must**
5 **include the following:**

6 (1) **The following statement or the substantial equivalent of**
7 **the following statement:**
8 "Indiana law requires your insurer to report to the Bureau
9 of Motor Vehicles if your vehicle's insurance policy is
10 canceled before the expiration date of the policy."

11 (2) **A box next to the statement described in subdivision (1)**
12 **that the applicant must check to acknowledge that the**
13 **applicant has read the statement described in subdivision (1).**

14 (b) **The bureau may not accept a registration application unless**
15 **the applicant has checked the box described in subsection (a)(2).**

16 SECTION 2. IC 9-25-5.5 IS ADDED TO THE INDIANA CODE
17 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2007]:

2 **Chapter 5.5. Insurance Cancellation Notice**

3 **Sec. 1. This chapter applies after December 31, 2007.**

4 **Sec. 2. (a) Not more than ten (10) days after receiving a notice**
5 **of cancellation under IC 27-2-22, the bureau shall send a written**
6 **notice by first class mail to each person identified in the notice of**
7 **cancellation as a policyholder.**

8 **(b) The notice must include the following statement or the**
9 **substantial equivalent of the following statement:**

10 **"Indiana law requires you to continuously maintain financial**
11 **responsibility with respect to your motor vehicle for as long**
12 **as you operate your motor vehicle on the public highways of**
13 **Indiana. If you rely on this motor vehicle insurance policy to**
14 **satisfy the financial responsibility requirement and you intend**
15 **to continue operating your motor vehicle on the public**
16 **highways of Indiana, you must obtain a new motor vehicle**
17 **insurance policy to satisfy the financial responsibility**
18 **requirement or satisfy the requirement by another means**
19 **allowed by law. Your operator's license will be revoked and**
20 **subject to confiscation if you do not inform the Bureau of**
21 **Motor Vehicles, within twenty (20) days after the postmark of**
22 **this notice, of how you will maintain financial responsibility."**

23 **Sec. 3. Except as provided in section 4 of this chapter, a person**
24 **who receives a notice under section 2 of this chapter shall inform**
25 **the bureau, by first class mail postmarked not more than twenty**
26 **(20) days after the postmark date of the notice received under**
27 **section 2 of this chapter, of the means by which the person will**
28 **satisfy the financial responsibility requirement of this article with**
29 **respect to the motor vehicle formerly covered under the canceled**
30 **motor vehicle insurance policy. If the financial responsibility**
31 **requirements will be satisfied through insurance, the person shall**
32 **provide to the bureau a written statement that:**

33 **(1) sets forth:**

34 **(A) the:**

- 35 **(i) name of the manufacturer;**
- 36 **(ii) model and model year; and**
- 37 **(iii) identification number;**

38 **of the motor vehicle;**

39 **(B) the policy number of the new motor vehicle insurance**
40 **policy; and**

41 **(C) the name and address of the insurer issuing the new**
42 **motor vehicle insurance policy; and**

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(2) is signed by:

(A) the person obtaining the new motor vehicle insurance policy; and

(B) the insurance producer through whom the new motor vehicle insurance policy is issued.

Sec. 4. (a) A person who receives a notice under section 2 of this chapter is not required to establish the means by which the person will satisfy the financial responsibility requirement of this article if the person, by first class mail postmarked not more than twenty (20) days after the postmark date of the notice received under section 2 of this chapter, provides the bureau with a verified affidavit stating that the motor vehicle formerly covered under the canceled motor vehicle insurance policy is not currently operated and will not be operated in the future on the public highways of Indiana.

(b) The bureau may require a person who provides a verified affidavit under subsection (a) to provide the bureau with evidence in addition to the verified affidavit before the bureau issues a written notice of exemption from the financial responsibility requirement of this article.

(c) The bureau shall send a written notice of exemption from the financial responsibility requirement of this article to a person described in subsection (a) if the bureau determines that the motor vehicle formerly covered under the canceled motor vehicle insurance policy is not currently operated and will not be operated in the future on the public highways of Indiana.

(d) A written notice of exemption from the financial responsibility requirement of this article may be:

- (1) for a specified period; or
- (2) of indefinite duration.

(e) A person who receives a written notice of exemption under subsection (c) must notify the bureau of the means by which the person will satisfy the financial responsibility requirement of this article:

- (1) at least twenty (20) days before the expiration of the specified period of exemption under subsection (d)(1), if applicable; or
- (2) immediately, if the person's notice of exemption was of indefinite duration under subsection (d)(2) and a change of circumstances will result in the operation of the motor vehicle formerly covered under the canceled motor vehicle insurance policy.

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1 (f) The bureau shall send a written notice of rejection by first
2 class mail to a person who provides a verified affidavit under
3 subsection (a) if the bureau declines to issue the person a written
4 notice of exemption from the financial responsibility requirement
5 of this article.

6 (g) A person who provides a verified affidavit under subsection
7 (a) but receives a written notice of rejection under subsection (f)
8 must, not more than twenty (20) days after the postmark date of
9 the written notice of rejection, provide evidence of compliance with
10 the financial responsibility requirement of this article in the
11 manner prescribed in section 3 of this chapter.

12 Sec. 5. The bureau shall revoke a person's operator's license if
13 the person:

14 (1) receives a notice under section 2 of this chapter and does
15 not provide the bureau with:

16 (A) a written statement providing the information required
17 under section 3 of this chapter, if the person intends to
18 satisfy the financial responsibility requirement of this
19 article through insurance; or

20 (B) evidence that the person has:

21 (i) executed a bond under IC 9-25-4-9; or
22 (ii) been issued a certificate of self-insurance under
23 IC 9-25-4-11;

24 not more than twenty (20) days after the postmark date of the
25 notice received under section 2 of this chapter;

26 (2) receives a notice under section 2 of this chapter and
27 provides a verified affidavit under section 4 of this chapter
28 but is not issued a written notice of exemption from the
29 financial responsibility requirement of this article, if the
30 person does not then provide evidence of financial
31 responsibility under section 3 of this chapter, as required by
32 section 4(g) of this chapter;

33 (3) receives a notice under section 2 of this chapter and does
34 not respond to the bureau within the time allowed under
35 section 3 or 4 of this chapter; or

36 (4) operates a motor vehicle formerly covered under a
37 canceled motor vehicle insurance policy during a period of
38 exemption from the financial responsibility requirement of
39 this article under a written notice of exemption issued under
40 section 4 of this chapter.

41 Sec. 6. Notice under section 2 of this chapter is sufficient if the
42 notice is sent by first class mail to the last known address of a

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person.

Sec. 7. The bureau shall notify the insurance commissioner of an insurer that does not comply with the notice requirements of IC 27-2-22.

Sec. 8. A person aggrieved by an act of the bureau under this chapter may file a petition for court review in a circuit or superior court in the county in which the aggrieved person resides.

SECTION 3. IC 27-2-22 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 22. Motor Vehicle Insurance

Sec. 1. This chapter applies to cancellations of motor vehicle insurance policies after December 31, 2007.

Sec. 2. As used in this chapter, "insurer" has the meaning set forth in IC 27-1-2-3.

Sec. 3. As used in this chapter, "motor vehicle insurance policy" means an insurance policy that provides any of the kinds of insurance described in Class 2(f) of IC 27-1-5-1.

Sec. 4. As used in this chapter, "policyholder" has the meaning set forth in IC 27-1-2-3.

Sec. 5. (a) An insurer that issues a motor vehicle insurance policy shall notify the bureau of motor vehicles of the cancellation of the motor vehicle insurance policy if the motor vehicle insurance policy is canceled before the expiration date of the motor vehicle insurance policy.

(b) An insurer shall provide the notice required under subsection (a):

- (1) not more than ten (10) days after the insurer receives notice of cancellation of the motor vehicle insurance policy; or**
- (2) not less than ten (10) days before the insurer cancels the motor vehicle insurance policy.**

(c) The notice required under subsection (a) must be sent by the insurer to the bureau of motor vehicles by:

- (1) first class mail; or**
- (2) a means that transmits the notice to the bureau of motor vehicles at least as quickly as first class mail.**

Sec. 6. The notice required by section 5 of this chapter must include the following:

- (1) The name and mailing address of the insurer that issued the canceled motor vehicle insurance policy.**
- (2) The effective date of the cancellation.**
- (3) The name and mailing address of each person who was a**

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- 1 **policyholder under the canceled motor vehicle insurance**
- 2 **policy when the policy was canceled.**
- 3 **(4) The following information concerning each motor vehicle**
- 4 **covered under the motor vehicle insurance policy:**
- 5 **(A) The name of the manufacturer.**
- 6 **(B) The model and model year.**
- 7 **(C) The identification number.**

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