

ASSEMBLY, No. 178

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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SYNOPSIS

“Motor Vehicle Insurance Verification Act”; requires Motor Vehicle Commission to establish online motor vehicle insurance verification system.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning an online verification system for motor vehicle
2 insurance.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. This act shall be known and may be cited as the “Motor
8 Vehicle Insurance Verification Act.”

9

10 2. a. Notwithstanding any other law to the contrary, the New
11 Jersey Motor Vehicle Commission (hereinafter the “commission”)
12 shall establish an accessible system for online verification of the
13 evidence of motor vehicle insurance in accordance with the
14 provisions of this act. The goal of the system shall be to assist in
15 the identification of uninsured motorists in the most effective way
16 possible.

17 b. Motor vehicle insurers authorized to do business in this State
18 (hereinafter “insurers”) shall provide policy information for the on-
19 line insurance verification system and otherwise cooperate with the
20 commission in establishing the system in accordance with the
21 provisions of this act.

22 c. The online insurance verification system established by this
23 act shall be the sole system used in this State for the purpose of
24 verifying evidence of motor vehicle insurance required by the laws
25 of this State. Implementation of the on-line insurance verification
26 system shall supersede and replace any motor vehicle insurance
27 verification system used in this State on the effective date of this
28 act.

29

30 3. a. The commission shall develop and implement an online
31 insurance verification system that meets all of the following
32 requirements:

33 (1) The verification system shall allow for requests to be sent to
34 insurers for verification of evidence of insurance via web services
35 established by the insurers, through the Internet, world wide web or
36 a similar proprietary or common carrier electronic system, in
37 compliance with the specifications and standards of the Insurance
38 Industry Committee on Motor Vehicle Administration (hereinafter
39 “IICMVA”), with enhancements, additions, and modification as
40 required by the commission so long as they do not conflict, nullify,
41 or add requirements that are inconsistent with the specifications and
42 standards of the IICMVA. The verification system shall include
43 appropriate provisions to secure its data against unauthorized access
44 and the commission shall maintain a historical record of the system
45 data for a period of six to twelve months from the date of each
46 request and response.

47 (2) The verification system shall be used for verification of the
48 evidence of mandatory motor vehicle insurance coverage as

1 prescribed by the laws of the State. The verification system shall be
2 made accessible to all law enforcement officers for the purpose of
3 enforcing the mandatory motor vehicle insurance requirements of
4 section 1 of P.L.1972, c.197 (C.39:6B-1) through capabilities for
5 real-time verification of compliance with mandatory insurance
6 requirements at traffic stops and other appropriate events. The
7 verification system shall be also accessible to authorized personnel
8 of the commission, the courts, and any other entities authorized by
9 the State as permitted by State or federal privacy laws, and it shall
10 be interfaced, wherever appropriate, with existing State systems.

11 (3) The verification system shall include information to enable
12 the commission to make inquiries to insurers about evidence of
13 insurance in a manner that is consistent with insurance industry and
14 IICMVA recommendations, specifications, and standards by using
15 multiple data elements for greater matching accuracy, including the
16 following: NAIC (National Association of Insurance
17 Commissioners) insurance company code, Vehicle Identification
18 Number, policy number, or otherwise as described in the
19 specifications and standards of the IICMVA.

20 (4) The commission may adopt rules and regulations to provide
21 to insurers who write a minimum number of policies, as determined
22 by the commission, the authority to use an alternative method for
23 reporting insurance policy data instead of establishing the web
24 services otherwise required by this act.

25 b. The commission shall maintain the online insurance
26 verification system in a manner that allows the system to respond to
27 a requestor entitled to use the system within a time period to be
28 established by the commission. An insurer shall maintain its part of
29 the system in a manner that allows the system to respond to a
30 requestor entitled to use the system within the time period
31 prescribed by the IICMVA's specifications and standards.

32 c. The commission shall consult with representatives of the
33 insurance industry and private Internet service providers to
34 determine the objectives, details, and deadlines related to the online
35 insurance verification system.

36 d. The commission shall publish for public comment, and then
37 issue, a detailed guide of its online insurance verification system.

38 e. The commission and its private service provider, if any, shall
39 each maintain a contact person for insurers during the
40 establishment, implementation, and operation of the online
41 insurance verification system.

42 f. When the commission has reason to believe that a motor
43 vehicle has been or is currently being operated without insurance,
44 the commission may suspend or revoke the owner's motor vehicle
45 registration in accordance with the provisions of section 50 of
46 P.L.1990, c.8 (C.17:33B-41) and other applicable provisions of
47 New Jersey law. The registration shall not be reinstated and a new
48 registration shall not be issued unless evidence of insurance has

1 been provided to the commission and any applicable reinstatement
2 fees as prescribed by the commission have been paid. These fees
3 shall be in addition to any other applicable fines, penalties, and
4 fees.

5 g. Nothing in this act shall be construed to prohibit the
6 commission from contracting with a private Internet service
7 provider or providers who have successfully implemented similar
8 systems in other states to assist in establishing and maintaining the
9 online insurance verification system.

10 h. In addition to the online insurance identification system
11 provided for by this act, if the commission has reason to believe
12 that a motor vehicle owner does not have valid motor vehicle
13 insurance as required under State law, it may request an insurer to
14 verify the existence of a motor vehicle insurance policy in a manner
15 and a time period to be prescribed by the commission but not
16 greater than 30 days from the date the request is made.

17 i. An insurer shall cooperate with the commission in
18 establishing and maintaining the online insurance verification
19 system, and shall provide access to motor vehicle insurance policy
20 status information in accordance with a process to be prescribed by
21 the commission by regulation. An insurer shall comply with this
22 section's requirements for verification of evidence of motor vehicle
23 insurance for every motor vehicle insured by that company in New
24 Jersey. An insurer shall maintain a historical record of its system
25 data for a minimum period of six months from the date of the
26 request and response.

27 j. This section shall not apply to vehicles insured under
28 commercial motor vehicle insurance coverage, except that an
29 insurer of such vehicles may participate on a voluntary basis. For
30 the purposes of this section, "commercial motor vehicle coverage"
31 means any coverage provided to an insured, regardless of the
32 number of vehicles or the entity covered, under a commercial
33 coverage form and rated from a commercial manual approved by
34 the Department of Banking and Insurance.

35 k. An insurer shall provide insureds who have commercial
36 motor vehicle insurance coverage in New Jersey with that insurer
37 with sufficient evidence reflecting that the motor vehicle is insured
38 under a commercial motor vehicle insurance policy. Sufficient
39 evidence includes an insurance identification card clearly marked in
40 the title with the identifier: "Commercial Motor Vehicle Insurance
41 Identification Card."

42 l. Nothing in this section shall be construed to prohibit an
43 insurer from using the services of a third party vendor to facilitate
44 the insurer's requirements with respect to the online insurance
45 verification system.

46 m. An insurer shall be immune from civil and administrative
47 liability unless the insurer has failed to undertake good faith efforts
48 to comply with the provision of this act. The insurer shall not be

1 civilly liable for any amount in excess of the actual damages
2 sustained by a person or entity for a violation of this act.

3
4 4. Not more than two years after the establishment of the
5 online insurance verification system pursuant to this act, the New
6 Jersey Motor Vehicle Commission, after consultation with
7 representatives of the motor vehicle insurance industry, shall report
8 to the Governor, and to the Legislature pursuant to section 2 of
9 P.L.1991, c.164 (C.52:14-19.1), as to the costs for the system,
10 incurred by the commission, insurers, and the public, and the
11 effectiveness of the system in reducing the number of uninsured
12 motor vehicles in the State.

13
14 5. The commission shall establish a pilot program for a period
15 of at least nine months during which the online insurance
16 verification system shall be tested. The commission shall ensure
17 that the pilot program is successfully tested and the verification
18 system is fully operational within one year of the effective date of
19 this act. No enforcement action that is based on the system shall be
20 taken until the commission has determined that the pilot program
21 has been successfully completed.

22
23 6. The Chief Administrator of the New Jersey Motor Vehicle
24 Commission, in consultation with the Commissioner of Banking
25 and Insurance, shall adopt, pursuant to the "Administrative
26 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
27 regulations to effectuate the purposes of this act, including
28 provisions for imposing appropriate civil penalties for any violation
29 of the act.

30
31 7. This act shall become effective on the 90th day next
32 following enactment, but the Chief Administrator of the New Jersey
33 Motor Vehicle Commission may take any anticipatory
34 administrative action in advance thereof as shall be necessary for
35 the implementation of this act.

36
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38 STATEMENT

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40 This bill, entitled the "Motor Vehicle Insurance Verification
41 Act," requires the New Jersey Motor Vehicle Commission to
42 establish a system for the online verification of evidence of motor
43 vehicle insurance, to assist in the identification of uninsured
44 motorists. The bill also requires motor vehicle insurers to provide
45 policy information for the online insurance verification system and
46 to otherwise cooperate with the commission in establishing the
47 system.

1 The bill specifies certain requirements for the verification
2 system, including that: (1) the online insurance verification system
3 comply with certain standards of the Insurance Industry Committee
4 on Motor Vehicle Administration (IICMVA); (2) the system be
5 accessible to all law enforcement officers for the purpose of
6 enforcing the mandatory motor vehicle insurance requirements of
7 section 1 of P.L.1972, c.197 (C.39:6B-1) through capabilities for
8 real-time verification of compliance with mandatory insurance
9 requirements at traffic stops and other appropriate events; (3) the
10 system include information to enable the commission to make
11 inquiries to insurers about evidence of insurance; and (4) the
12 commission may adopt rules and regulations to provide insurers
13 who write a minimum number of policies, to be determined by the
14 commission, the authority to use an alternative method for reporting
15 insurance policy data.

16 The bill also requires the commission to take other actions with
17 respect to the verification system, including maintaining the system
18 in a manner that allows it to be responsive to requestors, consulting
19 with the insurance industry and private service providers, and
20 maintaining a contact person.

21 The bill also requires motor vehicle insurers authorized to do
22 business in the State to cooperate with the commission in
23 establishing and maintaining the system, to verify evidence of
24 insurance for every motor vehicle insured by that company, and to
25 maintain certain records regarding system data.

26 The bill provides that when the commission has reason to believe
27 that a motor vehicle has been or is currently being operated without
28 insurance, the commission may suspend or revoke the owner's
29 motor vehicle registration. The registration shall not be reinstated
30 and a new registration shall not be issued unless evidence of
31 insurance has been provided to the commission and any applicable
32 reinstatement fees as prescribed by the commission have been paid.
33 These fees shall be in addition to any other applicable fines,
34 penalties, and fees.

35 The bill also provides that not more than two years after the
36 establishment of the online insurance verification system, the New
37 Jersey Motor Vehicle Commission, after consultation with
38 representatives of the motor vehicle insurance industry, shall report
39 to the Governor and to the Legislature as to the costs for the system
40 incurred by the commission, insurers and the public, and the
41 effectiveness of the system in reducing the number of uninsured
42 motor vehicles in the State.

43 The bill requires the commission to establish a pilot program for
44 a period of at least nine months during which the online insurance
45 verification system shall be tested. The commission shall ensure
46 that the pilot program is successfully tested and the verification
47 system is fully operational within one year of the effective date of
48 the bill. The bill provides that no enforcement action that is based

1 on the system shall be taken until the commission has determined
2 that the pilot program has been successfully completed.

3 The bill requires the Chief Administrator of the New Jersey
4 Motor Vehicle Commission, in consultation with the Commissioner
5 of Banking and Insurance, to adopt, pursuant to the “Administrative
6 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
7 regulations to effectuate the purposes of the bill, including
8 provisions for imposing appropriate civil penalties for any violation
9 of the bill.

10 The bill provides that it becomes effective on the 90th day next
11 following enactment, but the Chief Administrator of the New Jersey
12 Motor Vehicle Commission may take any anticipatory
13 administrative action in advance thereof as shall be necessary for
14 the implementation of the bill’s provisions.