



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 776 and 777
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

Date Completed: 11-29-95

SUMMARY OF SENATE BILLS 776 and 777 as introduced 11-29-95:

Senate Bills 776 and 777 would amend the Michigan Vehicle Code and the Insurance Code, respectively, to do all of the following:

- Require an automobile insurer to provide a certificate of insurance for each vehicle, rather than two certificates to each policyholder, and delete the requirement that one copy of the certificate be filed by the insured with the Secretary of State.
- Delete the misdemeanor violation for supplying false information to the Secretary of State regarding automobile insurance or issuing or using an invalid certificate, and apply the misdemeanor, instead, to a person who issued or used an altered, fraudulent, or counterfeit certificate of insurance.
- Require a court in which a civil infraction determination was entered against a person for failure to provide proof of insurance or failure to have insurance to notify the Secretary of State.
- Require a person to pay a \$50 fee for renewal of a vehicle registration upon providing proof of insurance, if a court entered a civil infraction for failure to have insurance or to provide proof of insurance and notified the Secretary of State of that infraction.
- Require a police officer to request that the driver of a motor vehicle provide proof of insurance at each traffic stop.
- Increase from \$10 to \$25 the fee for reinstatement of a driver's license, if a person's license is suspended for failure to have insurance or to provide proof of insurance.
- Increase from \$500 to \$1,000 the maximum fine for knowingly producing false evidence regarding automobile insurance coverage.
- Allow a court to assess costs in a case involving failure to have insurance or to produce proof of insurance, even if the civil fine were waived because the driver supplied proof of insurance before the appearance date.

Senate Bill 776

The bill would delete a requirement that application for a vehicle registration be accompanied by proof of insurance. The bill specifies, instead, that a person who applied for a vehicle registration would be making a declaration that the vehicle was insured.

If an owner or operator of a motor vehicle were determined to be responsible for a civil infraction violation for failure to have automobile insurance or failure to provide proof of insurance, the court

in which the civil infraction determination was entered would have to notify the Secretary of State of the vehicle registration number and the year and make of the vehicle. The notification would have to be in a form prescribed by the Secretary of State. Upon receiving the notification, the Secretary of State immediately would have to enter the information in the Department of State's records.

If a court notified the Secretary of State of a vehicle registration number as described above, the Secretary of State could not renew, transfer, or replace the registration plate of the vehicle or allow the purchase of a new registration plate for the vehicle until the owner appeared at a branch office and showed proof of insurance for at least a three month period and paid a \$50 fine, in addition to any other fee required by law, unless the vehicle were transferred or sold to a person other than the owner's spouse, mother, father, sister, brother, or child. This provision would not apply if the fine were waived because the driver provided proof of insurance prior to the court appearance date for the violation.

Of the \$50 fee collected for registration after court notification, \$25 would have to be allocated to the Secretary of State to defray the costs of administering the bill, and \$25 would have to be deposited by the Department of Treasury in the account of the Assigned Claims Fund established in Chapter 31 of the Insurance Code.

The Secretary of State could cancel the registration of a motor vehicle upon a determination that a vehicle was not insured as required by Chapter 31 of the Insurance Code or that the owner of a motor vehicle or the owner's representative presented a certificate of insurance that was forged, altered, fraudulent, or counterfeit when insurance was required by the Vehicle Code. Before cancellation occurred, however, the person who would be affected by the cancellation would have to be given notice and an opportunity to be heard.

Currently, if a person has received a civil infraction citation for failure to produce evidence that a motor vehicle is insured, the court must waive a civil fine and costs upon receiving a certification by a law enforcement agency that the defendant, before the appearance date on the citation, has produced evidence that the vehicle was insured on the date of issuance of the citation. Under the bill, the court would have to waive a civil fine, but could assess costs.

Senate Bill 777

Currently, an insurer, in conjunction with the issuance of an automobile insurance policy, must provide two certificates of insurance to each policyholder. One of the certificates must be marked as the Secretary of State's copy, and the policyholder must file that copy with the Secretary of State upon application for a vehicle registration. A person who supplies false information to the Secretary of State regarding insurance coverage, or who issues or uses an invalid certificate of insurance, is guilty of a misdemeanor punishable by up to one year's imprisonment, a maximum fine of \$1,000, or both.

The bill provides, instead, that an insurer would have to provide a certificate of insurance for each insured vehicle, and a person who issued or used an altered, fraudulent, or counterfeit certificate of insurance would be subject to the misdemeanor penalties.

MCL 257.227 et al. (S.B. 776)
500.3020 & 500.3101a (S.B. 777)

Legislative Analyst: P. Affholter

FISCAL IMPACT

Eliminating the requirement that vehicle registration applications be accompanied by proof of vehicle insurance would allow the Department of State to implement renewals with kiosk machines, telephone, and other processes to improve the efficiency of the program. Increasing the service fee (from \$10 to \$25) for restoration of driver's licenses suspended for failure to have motor vehicle insurance would result in additional revenue to cover the Department of State's costs. In 1994, 149 individuals paid that service fee. The new \$50 fee required for registration renewals, replacements, or transfers when a court determined an individual had failed to insure a vehicle also would generate additional revenue depending on the number of violations.

In addition, the bills would allow the court to assess costs when a person who had received a citation for failure to produce proof of insurance, produced proof of insurance prior to the appearance date on the citation. Currently, costs are waived. Increasing the maximum penal fine for knowingly producing false evidence of insurance from \$500 to \$1,000 also could generate additional revenue.

Fiscal Analyst: B. Bowerman

S9596\776sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.