



Senate Fiscal Agency  
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BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 391 (Substitute S-3 as reported)  
Senate Bill 392 (as reported without amendment)  
Sponsors: Senator Mike Green (S.B. 391)  
                  Senator Joe Hune (S.B. 392)  
Committee: Transportation

Date Completed: 10-3-13

### **RATIONALE**

Section 223 of the Michigan Vehicle Code requires a vehicle's registration certificate to be carried in the insured vehicle or by a person driving or in control of the vehicle. Section 227 of the Code requires every application for registration renewal to be accompanied by proof of vehicle insurance in a form determined by the Secretary of State, and makes it a civil infraction for a person driving or in control of a vehicle to fail to provide proof of insurance upon the request of a police officer. A certificate of insurance issued by an insurance company is evidence that the vehicle described in the certificate is insured.

It has been suggested that the Code should allow electronic copies of registration and insurance certificates, displayed on an electronic device, to satisfy these requirements.

### **CONTENT**

**Senate Bill 391 (S-3) would amend the Michigan Vehicle Code to do the following:**

- **Require a registration certificate to be carried by or electronically accessible to the person driving or in control of a vehicle.**
- **Provide that a police officer could not manipulate an electronic device to view any other information on the device.**
- **Provide that a person who displayed electronic documentation of insurance or registration on a device would not be presumed to have consented to a search of the device.**
- **Provide immunity for the State, a law enforcement agency, or an employee of either, for damage to an electronic device as a result of a police officer's viewing an electronic copy of a certificate.**

**Senate Bill 392 would amend the Insurance Code to allow an insurer to provide a certificate of insurance in electronic form at the insured's request.**

The bills are tie-barred to each other.

### **Senate Bill 391 (S-3)**

Under the bill, an electronically accessible registration would satisfy the requirement that the person driving or in control of a vehicle carry a vehicle registration certificate under Section 223 of the Michigan Vehicle Code, and the person would have to display a "paper or electronic copy" of the certificate upon demand of the police officer. With regard to the requirements for producing a certificate of insurance under Section 227, the bill provides that a certificate of insurance in paper or electronic form, issued by an insurance company, would be prima facie

evidence that insurance was in force. (Prima facie evidence is evidence sufficient to establish a given fact or raise a presumption unless disproved or rebutted.)

Under the bill, if a person presented an electronic copy of his or her certificate of insurance, or registration, on an electronic device, a police officer could view only the electronic copy of the requested document. The officer could not manipulate the device to view any other information. A person who displayed electronic documentation on a device as provided in the bill would not be presumed to have consented to a search of the device.

The State, a law enforcement agency, or an employee of either, would not be liable for damage to an electronic device that resulted from a police officer's viewing an electronic copy of an insurance certificate, or registration, on the device, if the officer viewed the electronic copy as provided in Section 223 or 227 of the Code. This immunity would apply regardless of whether the police officer or the vehicle's owner or operator possessed the electronic device when it was damaged.

### **Senate Bill 392**

The Insurance Code requires an insurer, when issuing an automobile insurance policy, to provide the insured with a certificate of insurance for each insured vehicle. The bill would allow an insurer to provide the certificate in electronic form at the request of the insured.

Under the Code, the failure to produce evidence of an effective insurance policy creates a rebuttable presumption that the vehicle does not have sufficient insurance. The bill would refer to evidence in paper or electronic form.

MCL 257.223 et al. (S.B. 391)  
500.3101a & 500.3102 (S.B. 392)

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The bills would bring current requirements for proof of vehicle insurance and vehicle registration in line with modern technology. In today's society, many people rely on a variety of electronic devices, such as smartphones and computer tablets, to communicate and transact business. If someone forgets to put a paper copy of an insurance or registration certificate in his or her vehicle, misplaces the document, or does not receive it in the mail, he or she should be allowed to use an electronic device to demonstrate that the vehicle is properly insured or registered. The bills would enable motorists to take advantage of convenient technology and avoid costly fines.

Senate Bill 391 (S-3) includes safeguards that would limit what a police officer was authorized to view on an electronic device, and would protect against unlawful searches or invasions of privacy. Additionally, providing proof of registration or insurance on an electronic device would not be presumed to be consent to a search of the device.

Legislative Analyst: Glenn Steffens

### **FISCAL IMPACT**

The bills would have an indeterminate negative fiscal impact on State and local government. By allowing electronic formats of registration certificates and proofs of insurance, the bills could result in fewer drivers being issued civil infraction tickets. A driver ticketed for not providing proof of registration is assessed a fine of \$18, and pays court costs and a \$40 Justice System Assessment. A driver ticketed for not providing proof of insurance is assessed a \$30 fine, and pays court costs and a \$40 Justice System Assessment; however, if proof of insurance is later

provided to the court, then the overall cost is reduced to a \$25 administrative fee. The fine revenue supports public libraries and the Justice System Assessment flows to a variety of State entities such as the Highway Safety Fund of the Michigan State Police.

Fiscal Analyst: Dan O'Connor

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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.