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Bill Analysis

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SUMMARY

Online financial responsibility verification system

- Requires the Registrar of Motor Vehicles to implement an online financial responsibility verification system.
- Requires the system to be electronically capable of verifying, at the times that proof of financial responsibility (i.e., motor vehicle insurance) is typically verified, that the owners and operators of motor vehicles registered in Ohio continuously maintain insurance on those motor vehicles.
- Specifies the various parameters of the system and the Registrar's responsibilities concerning its operation.
- Requires insurers to cooperate with the Registrar in submitting and maintaining the data necessary for the system to provide accurate insurance information to law enforcement and the Bureau of Motor Vehicles (BMV).
- Authorizes certain insurers (i.e., commercial motor vehicle coverage and smaller insurers) to submit data files to the Registrar rather than using the system.
- Requires any person that the system identifies as not having insurance (when required to have it) to respond to the Registrar's notice by verifying that they either have insurance, no longer own the motor vehicle, or fall under one of the existing limited exemptions to the requirement to maintain insurance.
- Specifies that the Registrar may impose the standard civil penalties for not having proof of insurance for a person who does not respond to the Registrar's notice.
- Requires the Registrar to adopt rules establishing the relevant procedures necessary for implementing and administering the system.

- Delays the full implementation of the system for 18 months.
- Requires the Registrar to submit a report to the General Assembly regarding the system, its costs, and its effectiveness in reducing uninsured drivers in Ohio.

“Blackout” license plates

- Authorizes the BMV to issue “Blackout” license plates, which have a black background, white lettering, and do not include the standard design or county identification stickers of Ohio license plates.
- Requires payment of a \$40 license plate fee, to help offset the costs of the online financial responsibility verification system, and a \$10 administrative fee, for purchase of the Blackout license plates.

Failure to have insurance penalties

- Restores a former law penalty requiring suspension of a person’s motor vehicle registration if the person does not have proof of insurance when so required.
- Requires the Registrar and a deputy registrar to deny motor vehicle registration or registration renewal to a person if the person cannot provide proof of insurance.

DETAILED ANALYSIS

Online financial responsibility verification system

The bill requires the Registrar of Motor Vehicles to implement an online financial responsibility verification system. The system must be capable of electronically verifying proof of financial responsibility (e.g., motor vehicle insurance) for motor vehicles registered in Ohio. With very limited exceptions, under current law, a motor vehicle must be insured throughout its registration period and the insurance must cover any person who operates that motor vehicle.¹

Verification events

Under current law, a motor vehicle owner or operator is required to show proof of financial responsibility (“insurance”) in certain circumstances. For example, the operator of a vehicle must show proof of insurance when stopped for a traffic offense. Proof of insurance may consist of a physical or electronic copy of an insurance card issued by an insurance company, a bond, a certificate of self-insurance, or other similar documentation.

The bill adds an express requirement to show proof of insurance when registering or renewing the registration of a motor vehicle. Under current law, owners of motor vehicles and driver’s license holders must sign statements when registering their vehicles and renewing their driver’s licenses. The statements attest that there is insurance for vehicles registered and driven by the owners and license holders. However, the owners or license holders are not currently required to produce proof of insurance at the time of registration or license renewal.

¹ R.C. 4509.101(A)(1) and 4509.431(A)(1).

Additionally, under current law, there is no separate verification with insurance companies by law enforcement or the Bureau of Motor Vehicles (BMV) that a person's insurance is still current and valid.²

The bill authorizes law enforcement and the BMV to use the online financial verification system during traffic stops, traffic accidents, motor vehicle inspections, administrative and court hearings, and at the time of motor vehicle registration to ensure that a person has insurance on the subject motor vehicle. The system provides for verification by allowing access to information submitted to it by insurers.³

Registrar's responsibilities

The bill requires the Registrar to implement the online financial responsibility verification system. The Registrar may base the system, in whole or in part, on the model established by the Insurance Industry Committee on Motor Vehicle Administration.⁴ The bill authorizes the Registrar to contract with a third-party vendor to create and develop the system, to conduct the electronic verification process with insurance companies, and to operate and maintain the system.⁵

The Registrar and any third-party contractor must ensure that the system is able to verify, during a typical verification event, whether a motor vehicle registered in Ohio is insured. For example, during a traffic stop, a law enforcement officer should be able to access the system and know, based on the latest information in the system, whether the owner/operator has added, dropped, or changed insurance and that the motor vehicle is currently insured. The system verifies insurance by sending requests to insurers through either electronic services or the internet using multiple data elements, including:

- The National Association of Insurance Commissioner's Code (specific to each licensed insurance company);
- The vehicle identification number (VIN);
- Policy number;
- Any other data element, as determined by the Registrar.⁶

The Registrar and any contractor must determine the data and data transmission formats for the system and ensure that the system: (1) is compatible with the technology used by the Bureau of Motor Vehicles, and (2) provides sufficient measures for the security and integrity of the system's data, particularly with respect to all federal and state data privacy laws. Either the

² R.C. 4503.10(B)(8), 4503.102(C), 4503.20, 4507.212, and 4509.101(D) and (G).

³ R.C. 4509.101(A)(3), (D)(1) to (3), 4509.43, and 4509.431.

⁴ "[IICMVA Publications](#)." Insurance Industry Committee on Motor Vehicle Administration (IICMVA). The model system may be found by searching under "Resources" and then "Publications" on the IICMVA website at: iicmva.com.

⁵ R.C. 4509.431(A).

⁶ R.C. 4509.431(B)(1) and (2).

Registrar or the third-party vendor must maintain a record of all system data related to an inquiry and the inquiry's response for at least six months. The Registrar and third-party vendor may implement periods of reasonable downtime for system maintenance.⁷

Insurer's responsibilities

The bill requires insurers that provide proof of insurance for motor vehicles that are registered in Ohio to cooperate with the Registrar, or any authorized third-party vendor, in establishing and operating the system. That cooperation includes:

- Maintaining the data necessary to verify proof of insurance provided to its Ohio customers and updating the data as necessary;
- Maintaining any internet or electronic service necessary to be able to respond to authorized inquiries;
- Providing data security consistent with all established and agreed-upon standards; and
- Maintaining all system data related to inquiries and responses for at least six months.⁸

The bill specifies that insurers that provide commercial motor vehicle coverage or that cover less than 1,000 motor vehicles registered in Ohio may either:

1. Use the online financial responsibility verification system; or
2. Establish a mechanism to verify coverage through data file transfers to the Registrar, in a form and at times established by the Registrar.

Additionally, if the commercial motor vehicle coverage is a nonvehicle specific policy or if the insurer does not regularly require a VIN number for the covered commercial motor vehicles, the insurer does not need to supply VIN numbers as part of the data transfer.⁹

Any insurer may use a third party service provider to facilitate their responsibilities related to the online financial responsibility verification system. The insurer and any third party service provider are immune from civil and administrative liability if they make reasonable efforts, as determined by the Registrar, to comply with the bill's requirements.¹⁰

Individual owner/operator responsibilities

If the online financial responsibility verification system identifies a person who is required to have insurance as not having insurance, a notice will be sent to that person either at his or her email address or last-known physical address. The person must then respond by doing one of the following:

1. Providing current proof of insurance;

⁷ R.C. 4509.431(B)(3), (4), (C), and (D).

⁸ R.C. 4509.432(A).

⁹ R.C. 4509.432(B).

¹⁰ R.C. 4509.432(C) and (D).

2. Obtaining insurance and then providing proof of insurance;
3. Verifying that the person no longer owns the motor vehicle that is the subject of the request; or
4. Verifying that the insurance was not in effect for the motor vehicle on the date in question because of one of the limited exemptions allowed under current law.

If a person does not respond to the notice within the time frame established by the Registrar by rule, the person may be subject to the various civil penalties for not having insurance (e.g., driver's license suspension, impoundment of the motor vehicle's certificate of registration and license plates, reinstatement fees, and other financial penalties) (see, "**Penalties for failure to have insurance**," below).¹¹

Current exemptions to having insurance

Current law authorizes a limited number of exemptions to having insurance as follows:

1. The vehicle is inoperable;
2. The vehicle is operated only seasonally (e.g., snowmobile), the date in question is outside of the season of operation, and (as added by the bill) the vehicle was not operated on that date;
3. A person other than the vehicle owner or operator is at fault for the lapse of proof of insurance through no fault of the owner or operator; or
4. The lapse of proof of insurance is because of an excusable neglect under circumstances that are not likely to recur and the owner or operator is not intentionally evading the Ohio insurance requirements (e.g., the owner was hospitalized and not able to renew or pay on the insurance policy).

The Registrar may grant relief from the associated penalties for not having proof of insurance when any of the above exemptions apply and the person subject to the penalties can demonstrate that he or she generally maintains proof of insurance. However, the Registrar may only grant relief once for the third and fourth exemptions.¹²

Procedural rules

The bill requires the Registrar to adopt rules in accordance with the Administrative Procedures Act establishing procedures for all of the following:

- Issuing and responding to notices sent to a person who does not have proof of insurance according to the system;
- Verifying proof of insurance or the validity of the reason why a person does not have proof of insurance on a motor vehicle;

¹¹ R.C. 4509.433.

¹² R.C. 4509.101(L).

- Issuing orders imposing the standard civil penalties for failure to have proof of insurance;
- Holding administrative hearings for anyone adversely affected by an order imposing civil penalties;
- Implementing the processing of file transfers for the insurers who are not required to be a part of the system; and
- Any other procedures or requirements necessary to administer and implement the system.¹³

The bill exempts the rules adopted by the Registrar governing the online financial responsibility verification system from continuing law requirements concerning reductions in regulatory restrictions. A “regulatory restriction” is any part of an administrative rule that requires or prohibits an action.¹⁴

The bill requires the Registrar to use the current law procedures for imposing penalties related to not having proof of insurance. Additionally, similar to current law, the Registrar is required to terminate any license suspensions, not impose financial penalties, and restore all operation and registration rights to any person who is able to show that he or she was actually in compliance with Ohio’s insurance requirements during the time in question. A suspension imposed because of the system verifications must receive a distinctive designation in the Registrar’s records and in the Law Enforcement Automated Data System (LEADS).¹⁵

Delayed implementation and report

The bill delays the full implementation of the online financial responsibility verification system for 18 months after the bill’s effective date. For the first nine months, the Registrar cannot make the system operational and then for the following nine months, the system must operate as a pilot program. During the pilot program, the Registrar must work with any third-party vendor, insurers, and law enforcement agencies to discover and correct any technological challenges, problems, or delays. Additionally, during the pilot program, individuals cannot be penalized for failure to provide proof of insurance solely based on the data provided by the system.

Within two years after the bill’s effective date, the Registrar must submit a report regarding the system to the General Assembly. The report must specify the BMV’s costs, any ongoing challenges in implementing and administering the system, the benefits of the system, and the effectiveness of the system in reducing the uninsured motor vehicles in Ohio.¹⁶

¹³ R.C. 4509.434(A).

¹⁴ R.C. 4509.434(D).

¹⁵ R.C. 4509.434(B) and (C).

¹⁶ Section 3.

“Blackout” license plates

To offset the expenses incurred by the BMV by the online financial responsibility verification system, the bill creates the “Blackout” license plate, which has a black background with white lettering. The plate does not include the phrase “Birthplace of Aviation” or display county identification stickers, both of which are required for standard Ohio license plates. However, the license plates must display a validation sticker showing the expiration date of the vehicle’s registration.¹⁷ The images below show examples of Blackout license plates enacted in other states:¹⁸



Fees

A Blackout license plate can be purchased for a passenger car, noncommercial motor vehicle, recreational vehicle, or other vehicle of a class approved by the Registrar of Motor Vehicles. In addition to the standard registration taxes and fees, the annual fee for the Blackout license plate is \$40 plus an additional \$10 BMV administrative fee, both of which must be deposited into the existing Public Safety – Highway Purposes Fund.¹⁹ Money in this fund generally is used by the Department of Public Safety for enforcing and administering the laws related to registering and operating motor vehicles in Ohio.²⁰ The \$40 portion is allocated specifically for offsetting the online financial responsibility verification system costs.²¹ Additionally, purchasers of the license plates may customize the lettering and numbering on the license plates with payment of the special reserved license plate fees.²²

Penalties for failure to have insurance

The bill restores a former law penalty for failing to have proof of insurance, specifically, a suspension of a person’s motor vehicle registration rights and impoundment of the certificate of

¹⁷ R.C. 4503.48(A).

¹⁸ Images credited to the Kansas Department of Revenue at ksrevenue.gov and the Indiana Bureau of Motor Vehicles at in.gov/bmv.

¹⁹ R.C. 4503.48(B) and (C).

²⁰ R.C. 4501.06, not in the bill.

²¹ R.C. 4503.48(C)(1).

²² R.C. 4503.48(A); R.C. 4503.40 and 4503.42, not in the bill.

registration and license plates.²³ H.B. 29 of the 135th General Assembly, effective April 9, 2025, eliminated that penalty for failure to have proof of insurance.²⁴

Denial of registration

Related to the bill adding an express requirement to show proof of insurance at the time of motor vehicle registration and registration renewal (either in person or online), it also requires the Registrar or a deputy registrar to refuse such registration, if either of the following apply:

- The inquiry via the online financial responsibility verification system indicates no proof of insurance or the results are inconclusive; or
- The owner or lessee does not show proof of insurance.²⁵

HISTORY

Action	Date
Introduced	02-04-26

ANHB0678IN-136/sb

²³ R.C. 4509.101; conforming changes in R.C. 4503.20, 4507.212, 4509.66, 4509.67, 4509.69, and 4509.77.

²⁴ See page 8 of the [LSC Final Analysis for H.B. 29 \(PDF\)](#), which is available on the General Assembly's website: legislature.ohio.gov.

²⁵ R.C. 4503.10(B)(3)(f) and (8), 4503.102(C) and (D), and 4503.20.