

DEPARTMENT OF REGULATORY AGENCIES
OFFICE OF POLICY AND RESEARCH

COLORADO MOTORIST INSURANCE IDENTIFICATION DATABASE PROGRAM ACT

2002 SUNSET REVIEW



STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES
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Bill Owens
Governor

October 15, 2002

Members of the Colorado General Assembly
c/o the Office of Legislative Legal Services
State Capitol Building
Denver, Colorado 80203

Dear Members of the General Assembly:

The Colorado Department of Regulatory Agencies has completed the evaluation of the Colorado Motorist Insurance Identification Database Program Act. I am pleased to submit this written report, which will be the basis for my office's oral testimony before the 2003 committee of reference. The report is submitted pursuant to section 24-34-104(8)(a), of the Colorado Revised Statutes (C.R.S.), which states in part:

The department of regulatory agencies shall conduct an analysis of the performance of each division, board or agency or each function scheduled for termination under this section...

The department of regulatory agencies shall submit a report and supporting materials to the office of legislative legal services no later than October 15 of the year preceding the date established for termination....

The report discusses the question of whether there is a need for the regulation provided under Part 6, Article 7 of Title 42, C.R.S. The report also discusses the effectiveness of the Motorist Insurance Identification Database Program and the staff of the Department of Revenue, Motor Vehicle Business Group in carrying out the intent of the statutes and makes recommendations for statutory changes in the event this regulatory program is continued by the General Assembly.

Sincerely,

A handwritten signature in black ink that reads "M. Michael Cooke".

M. Michael Cooke
Executive Director

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Background

The Sunset Process

The regulatory functions of the Colorado Motorist Insurance Identification Database Program (MIIDB), in accordance with Part 6, Article 7 of Title 42 of the Colorado Revised Statutes (C.R.S.), shall terminate on July 1, 2003, unless continued by the General Assembly. During the year prior to this date, it is the duty of the Department of Regulatory Agencies (DORA) to conduct an analysis and evaluation of the MIIDB pursuant to section 24-34-104 (9)(b), C.R.S.

Additionally, other statutes relating to automobile insurance are also scheduled to terminate on July 1, 2003, unless this sunset report indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of this writing.

The purpose of this sunset review is thus twofold: to determine whether the proportion of uninsured motor vehicles has declined since July 2000; and to determine whether the MIIDB should be continued for the protection of the public, which involves evaluating the performance of the MIIDB and the staff of the Department of Revenue, Motor Vehicle Business Group (MVBG). During this review, the MVBG must demonstrate that there is still a need for the MIIDB program and that the regulation is the least restrictive form of regulation that is consistent with the public interest. DORA's findings and recommendations are submitted via this report to the legislative committee of reference of the Colorado General Assembly. Statutory criteria used in sunset reviews may be found in Appendix A on page 30.

Methodology

As part of this review, DORA staff interviewed MVBG staff, interviewed officials with state and national professional associations, reviewed Colorado statutes, and reviewed the laws of other states.

Profile of the Profession

The MIIDB does not regulate a profession. Rather, it attempts to match motor vehicle registration information to motor vehicle insurance information to 1) determine the number of uninsured motor vehicles in Colorado, and 2) reduce the number of such vehicles.

History of Regulation

Enforcement of mandatory insurance laws is an issue for every state with compulsory insurance statutes. Several states have enacted reporting programs to enforce the requirement. Reporting programs can be grouped into one of three categories.¹

- Preemptive programs seek to identify all uninsured vehicles or motorists by actively comparing registrations and driving records against insurance policy information provided by insurance carriers on a regular basis. These programs are typically the most complex and the most demanding of resources.
- Sampling programs seek to identify uninsured vehicles or motorists by verifying that a statistical sample of the population has valid insurance coverage. These programs are smaller in scale than preemptive programs and somewhat less complex.
- Passive/reactive programs seek to verify that motorists that have exhibited behavior indicative of an unwillingness or inability to make restitution, or of an elevated likelihood to cause loss, have the means to pay for the losses incurred by others. These programs are the least complex of the three, and typically the least resource-intensive.

A popular trend in compulsory insurance enforcement is linking law enforcement officials with a computerized database that cross-references registered motor vehicles with insurance policies. The Motorist Insurance Identification Database Program (MIIDB) used in Colorado is an example of a preemptive program that attempts to provide vehicle registration and insurance information to law enforcement agencies.

The MIIDB evolved from Senate Bill 95-172, known as the "Uninsured Motorist Identification Database Program Act." This legislation directed the House and Senate Transportation Legislation Review Committees to examine Colorado's compulsory motor vehicle insurance system and the problem of uninsured motorists in the state for the purpose of proposing legislation to "...alleviate if not eliminate the problem."

¹ Booz-Allen & Hamilton Electronic Insurance Reporting: A Lessons Learned Study - Final Analysis Report October 1999, Prepared for American Association of Motor Vehicle Administrators, Inc.

In 1997, the General Assembly passed House Bill 97-1209, which amended several provisions in the motor vehicle statutes and replaced the Uninsured Motorist Identification Database Program with the MIIDB. The bill amended insurance and motor vehicle statutes in Titles 10 and 42, C.R.S. All insurance companies licensed in Colorado that write motor vehicle insurance policies are required by these provisions to report information about policyholders to an agent designated by the MVBG.

House Bill 97-1209 also established funding for the program by imposing a one-dollar surcharge on motor vehicle registrations. Senate Bill 01-109 later reduced this surcharge to no more than 50 cents.

The program, as expanded by House Bill 97-1209, requires the MVBG to contract with a vendor to establish a database to match motor vehicle insurance policies, as reported by insurers, with motor vehicle registrations filed with the MVBG.

The MIIDB was amended again in 1998 by House Bill 98-1213, to prohibit the initial registration or renewal of a motor vehicle registration without proof of valid insurance.

DORA submitted a special report to the General Assembly in October 1999, which attempted to analyze the MIIDB in terms of the number of uninsured motor vehicles and of uninsured motorist claims. The report's findings, however, were inconclusive because the MIIDB had not been in place long enough to allow for a credible analysis of data trends.

DORA conducted the first sunset review of the MIIDB in 2000. Senate Bill 01-109 codified several of DORA's recommendations, including authorizing the MVBG to administratively suspend any vehicle registration which does not have a matching insurance policy, and fining insurance companies up to \$250 for each day that they are late in reporting policy information to the MIIDB vendor.

Legal Framework

There are no federal or local laws or regulations relating directly to the MIIDB. A comprehensive analysis of the Motorist Insurance Identification Database Program (MIIDB) requires only an examination of statutes in Titles 10 and 42 of the Colorado Revised Statutes (C.R.S.).

The MIIDB is created in Part 6, Article 7 of Title 42, C.R.S. In part, it was created to assist the General Assembly's Transportation Legislation Review Committees in addressing "the problem of uninsured motorists in this state." §42-7-602, C.R.S. In addition, the purpose of the MIIDB is "to help reduce the uninsured motorist population in this state." §42-7-604(1), C.R.S.

No motor vehicle that is required to be registered may be operated on any public highway in Colorado unless the owner of the vehicle has an insurance policy on that vehicle or a certificate of self-insurance. §42-4-1409(1), C.R.S. To aid in the enforcement of this provision, an insurer must issue to an insured, a proof-of-insurance-certificate or an insurance identification card. §10-4-604.5(1), C.R.S. A person who owns more than 25 motor vehicles may become self-insured if the Department of Regulatory Agencies, Division of Insurance (DOI) issues to such a person, a certificate of self-insurance. §42-7-501(1), C.R.S. The DOI may issue such a certificate upon a showing that the person possesses the ability to pay all judgments that may be obtained against such person. §42-7-501(2), C.R.S.

If law enforcement personnel ask a motorist to present proof of insurance, or if a person is involved in an accident, the motorist must present proof of insurance. §42-4-1409(3), C.R.S. If a person fails to carry insurance and/or fails to present proof of insurance, that person is guilty of a Class 1 misdemeanor. §42-4-1409(4), C.R.S. In addition, any person who presents altered or counterfeit proof of insurance may be punished by a fine of up to \$500 for the first such offense and up to \$1,000 and seizure of the vehicle for any subsequent offense. §42-7-301.5(1), C.R.S.

The Department of Revenue, Motor Vehicle Business Group (MVBG) is obligated to contract with an outside vendor, the “designated agent,” to develop and maintain, on the designated agent’s own computer network, a database that compares insurance policy information provided by insurers to vehicle registration information provided by the MVBG. §42-7-604(5), C.R.S. Before the seventh working day of each month, insurers must provide the designated agent with the name, date of birth, driver’s license number and address of each insured owner or operator for which it has issued a policy; the make, year and vehicle identification number (VIN) of each insured motor vehicle; and the policy number, effective date and expiration date of each policy. §10-4-615, C.R.S. The MVBG shall fine insurers up to \$250 per day for which such information is not reported to the designated agent. §10-4-615(4)(a), C.R.S. However, any person who is self-insured is exempt from such reporting requirements. §42-7-604(5)(a)(I), C.R.S.

Similarly, the MVBG reports the following information to the designated agent, on a monthly basis: name, date of birth and driver’s license number of all people in its database, and the make, year and VIN of all registered vehicles. §42-7-604(5)(a)(II), C.R.S.

If the comparison of information provided by insurers and the MVBG to the designated agent indicates that a motor vehicle has not been insured for three consecutive months, the designated agent must notify the vehicle’s owner that said owner has 45 days in which to provide the designated agent with proof of insurance or self-insurance, or proof of an exemption from insurance requirements. Failure to comply within the 45-day period will result in the administrative suspension of the vehicle’s registration. §42-7-605(1), C.R.S.

To further effect compliance with Colorado’s mandatory insurance laws, the MIIDB is accessible to law enforcement personnel. §42-7-604(5)(b), C.R.S. This enables law enforcement personnel to verify insurance coverage while investigating motor vehicle accidents or during routine traffic stops.

In addition, all information reported to the designated agent, whether it is by the MVBG or an insurer, is considered proprietary and the designated agent is obligated to treat it as such and in a confidential manner. §§42-7-604(2) and 42-7-606(1), C.R.S. Pursuant to section 42-7-606(1), C.R.S., the designated agent is prohibited from releasing such information except:

- When verifying a person's insurance coverage to any state or local government agency that is investigating, litigating or enforcing such person's compliance with the mandatory insurance requirements.
- To the person, the person's legal guardian, any person who holds a power of attorney from the person or any person who submits a notarized release of such information from the person.
- To any person suffering loss or injury as a result of a motor vehicle accident involving the person.
- To the Office of the State Auditor.

There are a variety of penalties that may be imposed upon a person who knowingly discloses MIIDB information to another person not specifically exempted above. Under the MIIDB Act itself, such conduct constitutes a Class 1 misdemeanor. §42-7-606(2), C.R.S.

In addition, the federal Driver's Privacy Protection Act prohibits the sale or distribution of motor vehicle records and the personal information contained therein, under any conditions not specifically exempted. 18 USC 2721 and 2722. A person who knowingly obtains, discloses or uses such information is liable to the to the individual to whom the information pertains. Such an individual may bring a civil action in a U.S. district court and recover actual damages (but not less than \$2,500), punitive damages, attorneys' fees, court costs and such other equitable relief as the court may grant. 18 USC 2724.

Under Colorado law, a person who willfully and knowingly obtains, resells, transfers or uses such information is liable to the injured party for treble damages, attorney's fees and costs. §42-1-206(5), C.R.S.

The state, insurers and the designated agent shall not be liable for complying with the requirements of the MIIDB. §§42-7-606(3), (4) and (6), C.R.S. In addition, the designated agent is required to provide the state with an errors and omissions insurance policy in an “appropriate amount.” §42-7-606(5), C.R.S.

The MIIDB is funded through a surcharge, which may not exceed 50 cents, imposed on every motor vehicle registered in the state. §42-3-134(26)(d)(I), C.R.S.

Finally, the MIIDB also requires the DOI to contract with an outside vendor to report on the frequency of uninsured motorist claims. This report must compare the number of uninsured motorist claims with the average number of such claims reported for the 12-month period immediately preceding July 1, 1997. This information must be transmitted to the General Assembly no later than January 1 of each year. §42-7-604(7), C.R.S.

Program Description and Administration

The Motorist Insurance Identification Database Program (MIIDB) is a relatively simple system. The Department of Revenue, Motor Vehicle Business Group (MVBG) has contracted with Explore Information Services (Explore) to operate and maintain the MIIDB.

On a daily basis, the MVBG uploads to Explore all records in which there is a change in vehicle registration information. Similarly, at least once per month, the approximately 600 insurance carriers authorized to write motor vehicle insurance in Colorado send updates to Explore. These updates include changes in coverage for each vehicle covered, including new, cancelled and lapsed policies. In practice, Explore reports that many insurance carriers report the required information in batches, several times each week.

Explore's computers then match, by vehicle identification number, the MVBG's information with the information provided by insurance carriers. After eliminating those vehicles that are not required to carry insurance (for example, seasonal vehicles that are not currently in use, vehicles that do not use Colorado roadways, fleet vehicles and self-insured vehicles), Explore takes the number of vehicles for which no insurance information is reported to arrive at the number of uninsured motor vehicles.

License/Registration

The MIIDB is funded by a surcharge on all registered vehicles. Prior to fiscal year 01-02, the surcharge had been one dollar per vehicle per year, but after a statutory change in 2001, the surcharge was reduced to 50 cents. All specified monies are deposited in a designated Highway User Tax Fund account by the State Treasurer and are subject to appropriation by the General Assembly.

**Table 1
Surcharge and Vehicle Registration Information**

Fiscal Year	Surcharge	Registered Vehicles*
97-98	\$1.00	4,034,980
98-99	\$1.00	3,939,350
99-00	\$1.00	3,814,218
00-01	\$1.00	3,913,495
01-02	\$0.50	3,997,458

*As of the end of each fiscal year.

The MVBG employs eight full-time equivalent (FTE) employees to staff the MIIDB: one Office Manager and seven Administrative Assistant IIs. The Administrative Assistants perform a variety of functions, including data entry work, staffing a customer service counter, processing affidavits of administrative insurance suspensions and answering telephone inquiries regarding insurance, suspensions and reinstatements.

Table 2 delineates the MIIDB's total program expenditures for the last five fiscal years. These figures reflect that since its inception in fiscal year 97-98, the MIIDB has cost approximately \$7.1 million.

**Table 2
Program Expenditures**

Fiscal Year	Total MIIDB Expenditures	Payments to Explore
97-98	\$220,000	\$0
98-99	\$2,295,730	\$574,744
99-00	\$1,453,933	\$1,251,462
00-01	\$1,525,273	\$1,255,462
01-02	\$1,626,999	\$1,261,900

Table 2 also illustrates the total sum of the payments made to Explore. These payments are primarily based on the number of records transmitted by the MVBG, including drivers' licenses and vehicle registrations. The MVBG's contract with Explore is scheduled to be re-bid in 2003.

Expenditures in fiscal year 97-98 were confined to program development. Expenditures in fiscal year 98-99 were significantly higher because the MVBG incurred significant programming costs and began making payments to Explore in April of that year. Since that time, increases in expenditures and payments to Explore are primarily attributable to the increase in the number of registered motor vehicles and licensed motorists.

In addition, the MIIDB provides for a report to be issued by the Department of Regulatory Agencies, Division of Insurance (DOI). This report, which is forwarded to the General Assembly by January 1 each year, is prepared by yet another vendor, Insurance Services Office, Inc. (ISO). The ISO report seeks to determine the number of uninsured motorist bodily injury claims filed in Colorado each year, but is limited to information on passenger vehicles only, whereas the Explore database examines all registered vehicles.

In fiscal year 97-98, the DOI paid ISO \$6,500 for this report, and \$4,500 in fiscal years 98-99, 99-00 and 00-01. However, effective fiscal year 01-02, the cost of the report increased to \$12,500.

According to a representative of the DOI, ISO was the only vendor that would agree to prepare the report for the amounts initially appropriated. Soon after beginning work on the first report, however, ISO informed the DOI that the funds appropriated were insufficient to cover the costs of preparing the report. As a result, the DOI and ISO agreed that ISO would prepare the report for the amounts appropriated, but that if the report was continued by the General Assembly, ISO could increase its price for the report.

Appropriations for this report are made to the DOI by the General Assembly out of the same cash fund that funds the rest of the MIIDB.

Examination

There are no examinations associated with the MIIDB.

Complaints/Disciplinary Actions

There are a variety of mechanisms by which the state may penalize the owner of a vehicle that does not have insurance. Under the terms of the MIIDB Act, the MVBG has authorized Explore to send notices to the owners of vehicles for which no insurance information is reported for three consecutive months. These vehicles are referred to as “unmatched.” A copy of the notice can be found in Appendix B on page 31.

Explore began sending notices to the owners of unmatched vehicles in April 1999. As a result of those notices, Explore reported to DORA that its customer service representatives handled over 2,000 telephone calls, and received approximately 7,500 calls regarding the May 1999 notices and 6,300 calls regarding the June 1999 notices. In addition, an undetermined number of Coloradans accessed Explore’s automated interactive voice response telephone system. Throughout the history of the MIIDB, the number of calls handled by Explore’s call center employees has fluctuated from a high of 7,500 in May 1999 to a low of 140 in July 2002.

Approximately 78 percent of the calls handled by Explore's call center have involved consumers complaining that they received a notice stating they did not have insurance, when, in fact, they did have insurance.

Explore sends an average of 40,000 such notices each month. The notice requests the vehicle owner to provide documentation of insurance coverage to Explore within 45 days in order to prevent the MVBG from taking further action.

If the vehicle owner provides proof of insurance, Explore forwards it to the insurance carrier for verification. The insurance carrier must verify coverage within 30 days. Once verification is received by Explore, the information is entered into the database and the vehicle is identified as "matched."

Prior to June 2002, if the insurance carrier was unable to verify coverage or if the vehicle owner did not offer proof of insurance, the vehicle continued to be identified as "unmatched," and if it retained this designation for another three consecutive months, the notification process began again and could have continued indefinitely. There was no enforcement mechanism.

Following the 2000 sunset review of the MIIDB, however, the General Assembly authorized the MVBG to administratively suspend the registrations of those vehicles that, following the request to provide proof of insurance within 45 days, continued to retain the "unmatched" designation. However, the MVBG claims that due to a lack of communication between the relevant sections of the MVBG, the vacancy of a key position within the MVBG and disagreement over the meaning of "administrative suspension," this legislation was not implemented until the end of June 2002, a full year after enactment.

Between June 29 and 30, 2002, Explore, with the authorization of the MVBG, sent notices to 20,000 owners of vehicles that had been identified as "unmatched" for three consecutive months. This revised notice gives the vehicle owner 45 days in which to provide proof of insurance in order to prevent the MVBG from suspending the vehicle's registration.

Importantly, the 20,000 notices that were sent out did not represent the total number of unmatched vehicle owners. Explore and the MVBG agreed to limit the number of notices actually sent out so as to avoid overtaxing Explore's capacity to handle the anticipated phone calls, complaints, etc.

Due to the delay in implementing this latest enforcement mechanism, no information is available as of this writing to determine the number of vehicle registrations that will actually be suspended or the number of complaints that Explore and the MVBG will receive as a result this new process.

When a vehicle registration is actually suspended, there will be no charge to reinstate the vehicle's registration because the MVBG has no statutory authority to charge a reinstatement fee. The vehicle owner will simply be required to provide proof of insurance to reinstate the vehicle's registration.

In addition, Explore reports to the MVBG those vehicle owners who have submitted proof of insurance that is false. Section 42-7-301.5, Colorado Revised Statutes (C.R.S.), requires a fine of \$500 for anyone who falsifies proof of insurance documents. According to the MVBG, it has not taken enforcement action under the provisions of this law because it happens infrequently.

Another goal of the MIIDB is to assist law enforcement personnel in more accurately identifying those motorists who do not have insurance coverage. When law enforcement personnel make routine traffic stops or investigate accidents, they enter the relevant parties' driver's license information into the Colorado Crime Information Computer (CCIC) to determine, among other things, whether the party is wanted by law enforcement. In addition to such information, one of the fields in the CCIC reports whether the vehicle registered to that motorist has insurance. This information is acquired by the CCIC from the MIIDB. Thus, law enforcement personnel do not deliberately need to seek this information from the MIIDB, because it is already included in the information they access.

Additionally, law enforcement personnel routinely ask for proof of insurance when investigating an accident or making a routine traffic stop. Interviews with law enforcement personnel indicate that, in many circumstances, if the motorist has an expired insurance card, but insists that coverage is active and the CCIC reports that coverage is active, the law enforcement officer is likely to give the motorist the benefit of the doubt and refrain from issuing a citation for operating the vehicle without insurance. Conversely, if the motorist insists that insurance coverage is active, but cannot provide proof of insurance and the CCIC reports that insurance coverage is not active, a citation will very likely be issued.

Under the provisions of the Financial Responsibility Act (FRA), the driver's license of a driver who is unable to produce proof of insurance is subject to immediate suspension. In such a case, the law enforcement official may issue an Administrative Insurance Notification (AIN) affidavit, which effectively suspends the driver's driving privileges, but simultaneously grants a seven-day permit to enable the driver to obtain proof of insurance or submit an SR-22, which is supervised insurance most commonly issued to high-risk motorists.

This is rarely done. Rather, the law enforcement official is more likely to simply issue a ticket to the driver. When the driver appears in court and is able to prove that insurance was in force at the time of the ticket, the case is dismissed. If the driver is unable to demonstrate that insurance was in force at the time of the ticket, the motorist's driver's license is subject to suspension.

Table 3 illustrates the number of AIN affidavits issued since April 1999, the first month in which they were authorized.

Table 3
Enforcement Action Information

	FY 98-99	FY 99-00	FY 00-01	FY 01-02
AIN Affidavits	2,049	7,198	4,610	3,926

Although AIN affidavits are not directly related to the MIIDB, they are telling of the manner in which law enforcement personnel may utilize the information provided by the MIIDB.

Analysis and Recommendations

Recommendation 1 - Continue the Motorist Insurance Identification Database Program Act until 2008.

In addition to the traditional sunset criteria, such as protection of the public health, safety and welfare, the General Assembly has directed the Department of Regulatory Agencies (DORA) to report whether the number of uninsured motorists has declined between July 2000 and the time of this writing, according to the data gleaned from the Motorist Insurance Identification Database Program (MIIDB). Section 10-4-615(6), Colorado Revised Statutes (C.R.S.), dictates that unless the number of uninsured motorists has declined, the MIIDB is repealed. Similarly, and perhaps more importantly, other statutes regarding automobile insurance are also scheduled to repeal unless this sunset report indicates that the number of uninsured motor vehicles has declined since July 2000.

Because the General Assembly conditioned continuation of the MIIDB upon whether the number of uninsured motor vehicles declined during the review period, DORA is compelled to recommend that General Assembly continue the MIIDB. This recommendation is not based upon traditional sunset criteria.

There are two mechanisms by which it is possible to determine whether the number of uninsured vehicles has increased or decreased – the Department of Revenue, Motor Vehicle Business Group (MVBG) database that is operated by Explore Information Services (Explore), and the Department of Regulatory Agencies, Division of Insurance (DOI) report generated by Insurance Services Office, Inc. (ISO).

In short, the Explore database attempts to match vehicle registration information provided by the MVBG with vehicle insurance information provided by Colorado's 600+ insurance carriers. The number of unmatched vehicles becomes the number of uninsured vehicles.

Table 4 on the following page illustrates the number of matched and unmatched vehicles, as well as the maximum rate of uninsured motor vehicles for the last two years.

Table 4
Maximum Rate of Uninsured Motor Vehicles as Reported by
Explore Information Services

Month	Registered Vehicles	Matched Vehicles	Unmatched Vehicles	Maximum Insured Rate	Maximum Uninsured Rate
July '00	3,820,602	3,168,378	652,224	84.81%	17.07%
August '00	3,823,258	3,170,275	652,983	84.75%	17.08%
September '00	3,826,761	3,174,548	652,213	84.80%	17.04%
October '00	3,831,301	3,178,662	652,639	84.82%	17.03%
November '00	3,839,760	3,185,190	654,570	84.83%	17.05%
December '00	3,835,973	3,183,032	652,941	84.78%	17.02%
January '01	3,848,546	3,198,288	650,258	84.88%	16.90%
February '01	3,841,940	3,199,682	642,258	85.14%	16.72%
March '01	3,854,856	3,207,646	647,210	85.10%	16.79%
April '01	3,849,386	3,199,207	650,179	85.18%	16.89%
May '01	3,899,109	3,262,549	636,560	85.61%	16.33%
June '01	3,913,495	3,278,411	635,084	86.07%	16.23%
July '01	3,923,066	3,293,238	629,788	86.61%	16.05%
August '01	3,929,781	3,306,520	623,261	87.13%	15.86%
September '01	3,932,302	3,320,958	611,344	87.47%	15.55%
October '01	3,945,437	3,337,454	607,983	87.47%	15.41%
November '01	3,956,617	3,353,303	603,314	87.47%	15.25%
December '01	3,947,224	2,633,537	573,642	88.20%	14.53%
January '02	3,953,858	3,384,586	569,272	88.25%	14.40%
February '02	3,956,445	3,392,402	564,043	88.35%	14.26%
March '02	3,958,612	3,399,675	558,937	88.74%	14.12%
April '02	3,975,432	3,394,078	581,354	88.15%	14.62%
May '02	3,989,192	3,415,631	573,561	88.42%	14.38%
June '02	3,997,458	3,435,808	561,650	88.62%	14.05%
July '02	4,007,717	3,454,076	553,641	89.11%	13.81%

During the review period (July 2000 through July 2002), the total number of registered vehicles increased by approximately 4.9 percent, or 187,115 vehicles. More importantly, however, according to the Explore database, the maximum percentage of uninsured motor vehicles declined by 3.26 percent, or 98,583 vehicles.

Importantly, the maximum percentage of uninsured motor vehicles delineated in Table 4 does not present the exact number of uninsured motor vehicles. Rather, it is the proportion of unmatched vehicles compared to the total number of registered vehicles. The number of unmatched vehicles includes uninsured vehicles, as well as vehicles that are registered in Colorado but driven, and possibly insured, elsewhere, as is common practice for students and those in the military. It does not include seasonal vehicles because owners of those vehicles are required to verify such status with the MVBG. Regardless,

based on the data reported by Explore, the total proportion of uninsured motor vehicles as of July 2002 cannot exceed 13.81 percent, which represents a decline of 3.26 percent from July 2000.

Additionally, the MIIDB Act also dictates that the DOI prepare and submit a report regarding the number of uninsured motorist claims filed each year. This is accomplished by employing a formula that divides the frequency of uninsured motorist bodily injury claims by the frequency of bodily injury claims, as reported by insurance carriers, a process the insurance industry argues is more reliable and useful than the information reported by Explore.

However, there are at least three fundamental problems with the ISO report. First, ISO only examines information relating to privately owned passenger vehicles and does not take into account self-insured or fleet vehicles.

Second, under Colorado's no-fault law, an injured party must have medical costs exceeding a \$2,500 tort threshold before a bodily injury claim can be filed against an insured driver, but no such threshold exists for filing a bodily injury claim against an uninsured driver. Thus, ISO had to adjust the impact of the \$2,500 tort threshold. From this, ISO extrapolates estimates as to the total number of uninsured motorists and the total percentage of uninsured vehicles.

Finally, the ISO report only examines bodily injury claims. It does not examine motor vehicle accidents in which there is only property damage. For example, a motor vehicle accident that results in the total loss of two expensive luxury vehicles or damage to real property would not be included in the ISO analysis. Additionally, the ISO report does not address uninsured motor vehicles that are never caught or that are never involved in accidents.

Thus, the ISO report excludes from its analysis commercial and fleet vehicles, insured motorist bodily injury claims that amount to less than \$2,500, all non-personal injury claims and uninsured motorists who are not involved in motor vehicle accidents. Because so much important information is excluded from the ISO report, it cannot provide an accurate estimate as to the number of uninsured motor vehicles.

Table 5 illustrates ISO's findings. During the review period of July 2000 to the time of this writing, the percentage of uninsured motor vehicles declined by 0.7 percent.

Table 5
Rate of Uninsured Motorists as Reported by
Insurance Services Office, Inc.

	FY97-98	FY98-99	FY99-00	FY00-01
Number of Uninsured Motorists	945,636	535,856	483,807	442,736
Percentage of Uninsured Vehicles	28.8	18.2	16.6	15.9
Number of Insurance Carriers Reporting	302	279	541	624

Although critics of the ISO report argue that it is based on samplings, estimates and extrapolations, the numbers generated by the fiscal years 99-00 and 00-01 reports are relatively comparable to those generated by the Explore database. Table 6 compares the ISO estimate of the percentage of uninsured motor vehicles, which are based on end-of-fiscal year numbers, with the July 2000 and July 2001 (dates that most accurately represent the end of the prior fiscal year's numbers) Explore percentages of uninsured motor vehicles.

Table 6
Rate of Uninsured Motor Vehicles:
A Comparison of Findings

Fiscal Year	Explore	ISO
99-00	17.07	16.6
00-01	16.05	15.9

Thus, the two reports are within a single percentage point of each other for each of these fiscal years. Unfortunately, the fiscal year 01-02 ISO report will not be available until early 2003, so it is not possible to utilize that report's data.

According to the mandate established by section 42-7-608, C.R.S., DORA reports that the percentage of uninsured motor vehicles has declined during the review period by between 0.07 percent, as represented by the ISO report, and 3.26 percent, as presented by Explore.

However, DORA is also compelled to apply the traditional sunset criteria to this most unusual program. Primarily, DORA must address whether the MIIDB protects the health, safety and welfare of the public and whether the MIIDB represents the least restrictive form of regulation necessary consistent with the public interest.

There can be little doubt that the MIIDB represents a system of regulation that is minimally restrictive. The MVBG has been given two enforcement mechanisms, neither of which have been fully implemented.

Section 42-7-301.5, C.R.S., authorizes the MVBG to impose fines on any person who presents an altered or counterfeit document for the purpose of proving financial responsibility under the act. The fine for a first time violation is \$500, and rises to \$1,000 and seizure of the vehicle for any subsequent offense. Additionally, any person who alters or counterfeits such documents for another is subject to a fine of \$500 for a first time violation and \$1,000 for any subsequent violations.

However, the MVBG has not taken steps to enforce this provision. Its staff claims that this is because the MVBG receives photocopies of insurance identification cards, which makes it difficult to determine whether the document was altered. Essentially, therefore, the MVBG has not taken steps to enforce this provision because doing so would be too difficult.

Furthermore, section 42-7-605(1), C.R.S., which became effective on July 1, 2001, directs the MVBG to suspend the registration of any vehicle that has not been insured for three consecutive months. However, it was not until June 2002, that the MVBG, through Explore, sent the first group of notices to a portion of this group of vehicle owners.

The MVBG has two enforcement mechanisms at its disposal, but it has failed to fully implement either of them. Thus, any argument that the MIIDB program has overstepped its bounds or is overly restrictive is groundless.

However, to determine whether the MIIDB program serves to protect the health, safety and welfare of the public, a critical question must be answered. What is the goal of the MIIDB? If the goal is simply to determine the percentage of uninsured motor vehicles on Colorado's roadways, then the MIIDB is, arguably, a success, although how this knowledge protects the health, safety or welfare of the public is dubious.

If however, the goal of the MIIDB is to effect a decline in the percentage of uninsured motor vehicles on Colorado's roadways, the program is, arguably, a failure, though its public protection aspects appear stronger. This is because it was not until June 2002 that the MVBG implemented the limited enforcement authority it possesses. This means that any change in the percentage of uninsured motor vehicles cannot be attributed to this enforcement mechanism or, by extension, the MIIDB.

While it is undeniable that the percentage of uninsured motor vehicles declined during the review period, there is no evidence to suggest that the MIIDB was responsible for the decline. Even representatives from Explore conceded that the database approach works by instilling fear among Colorado citizens – fear that they are being watched and fear that the government knows what they are doing. This is insufficient to determine a direct correlation between the MIIDB and the decline.

On the other hand, Colorado is not the only state to have created a system to monitor and enforce compliance with compulsory insurance laws. At least eight other states (Connecticut, Florida, Missouri, New Mexico, New York, Oregon, Utah and Virginia) have implemented, or as in the case of Missouri and New Mexico, are in the process of implementing, some type of system that matches registration information to insurance policy information. Of the six states that have operational programs, DORA was able to speak with representatives from all but Florida and Utah, who did not return phone calls.

Unfortunately, the programs in the various states were created with different goals in mind and no two states seem to gather and/or compare the same types of information, thus rendering it impossible to validly compare the numbers of uninsured vehicles across these states.

Connecticut is the only other state that utilizes the services of an outside vendor. However, that vendor's involvement is limited to actually compiling and comparing the information reported by the state regarding its approximately 2.5 million registered vehicles and the information reported by insurance carriers, which is limited to new and cancelled insurance policies. The Connecticut system, unlike Colorado's, does not include information on lapsed or unmatched insurance policies. Thus, Connecticut's system does not portray an accurate picture of the uninsured motor vehicle landscape.

On the other hand, Connecticut's enforcement mechanisms are considerably more advanced than Colorado's. If an insurance policy on a motor vehicle is cancelled, and no new policy is reported within two months, the state, not the vendor, sends a notice to the vehicle owner and informs the owner that continuous insurance coverage is required. If, after another month, no insurance is reported, the state notifies the vehicle owner that if the owner provides proof of insurance that was in effect after the date on which the vehicle was first reported as uninsured, the owner can prevent any further action by paying a \$100-settlement fee.

After four months of no insurance, the vehicle registration is suspended and the state demands the return of the vehicle's license plates. To reinstate the vehicle registration, the owner must pay a \$100-reinstatement fee plus a fine of up to \$545. If the vehicle owner fails to return the vehicle's license plates after the registration is suspended, the owner's driver's license is suspended. The reinstatement fee for the driver's license is also \$100.

New York's system is, by far, the most comprehensive of those surveyed. New York's computer system, which is operated and maintained by the state, not a vendor, receives daily updates from insurance carriers and calculates any gaps in insurance coverage. The state grants a fifteen-day grace period in which a vehicle owner may operate without insurance, but after that time, the state begins to impose an \$8-per day fine for each day in which no insurance information is reported. After 90 days of no insurance, the state suspends the vehicle's registration and the driver's license of the vehicle's owner.

Because New York's system became operational in June 2000, the representative with whom DORA spoke was not able to provide any numbers regarding the percentage of uninsured motor vehicles in the state or whether that number has decreased as a result of the program.

The goal of **Oregon's** program is to assist law enforcement, and there are no enforcement mechanisms inherent to the system. The representative that DORA spoke with from Oregon reported that that state's system is unreliable, in part, because insurance companies must report cancellations within fifteen days, but they have 30 days in which to report new policies. As a result, the representative with whom DORA spoke was unable to provide any numbers regarding the percentage of uninsured motor vehicles in the state or whether that number has decreased as a result of the program.

Virginia, like New York, has implemented a relatively aggressive system of enforcement. After 90 days of no insurance, the vehicle's registration is suspended and the owner's driver's license is suspended. To reinstate the vehicle registration, the vehicle owner must pay a \$500-fee and provide to the state, for three consecutive years, continuous proof of insurance. To reinstate the driver's license, the owner must pay a \$30-fee. Virginia suspended approximately 68,000 vehicle registrations in fiscal year 00-01, and approximately 69,000 in fiscal year 01-02.

While the information provided by other states does not bear directly on the success or failure of the MIIDB, it is illuminating. Many states have mandatory insurance laws and have taken steps similar to Colorado's to monitor and enforce compliance. However, none of the states surveyed could unequivocally conclude that their state has seen a decline in the number of uninsured motor vehicles since the inception of their program, or that such programs were directly responsible for any declines that might have occurred.

This is the third report prepared by DORA of the MIIDB program since its inception in 1999. In each of these reports, insufficient time had passed between reports and subsequent changes to the program to derive any meaningful information. The same is true in this case. Because the MVBG and Explore have only just begun to implement the enforcement authority granted to the program in the 2001 legislative session, it is too early to determine its effect, if any, on the percentage of uninsured motor vehicles in Colorado. The General Assembly should continue the MIIDB for five years, which will allow adequate time in which to amass sufficient data to determine the effects of the MIIDB's administrative suspensions on the percentage of uninsured motor vehicles.

Recommendation 2 – Eliminate the Department of Regulatory Agencies, Division of Insurance annual report to the General Assembly on the frequency of uninsured motorist claims. Repeal sections 42-7-604(6.5) and (7), C.R.S., which reads as follows:

~~(6.5) All insurers actively writing automobile insurance will report their policyholder and uninsured motorist claim numbers to the commissioner in a manner prescribed by the commissioner, starting with data for the twelve-month period immediately preceding July 1, 1997.~~

~~(7) The division of insurance in the department of regulatory agencies shall contract with a company that gathers statistical information concerning personal lines of property and casualty insurance. Said company shall be paid from the motorist insurance identification account within the highway users tax fund, and shall report the frequency of uninsured motorist claims to the division of insurance on a regular basis. Such report shall include a comparison of the number of uninsured motorist claims with the average number of such claims reported for the twelve-month period immediately preceding July 1, 1997. The division of insurance shall transmit such information to the general assembly no later than January 1, 1999, and each January 1 thereafter.~~

The legislation that created the MIIDB was complex and involved the insurance and motor vehicle statutes. During the course of the legislative process, there were many amendments to the bill. In the end, the legislation that passed required multiple, redundant reports from different entities on the same subject.

If the General Assembly accepts Recommendation 1 of this sunset report and continues to receive reports from the MVBG, then the report required by the Department of Regulatory Agencies, Division of Insurance (DOI) should be discontinued because it is not necessary.

To prepare the report, the DOI's vendor gathers data from private passenger automobile insurance carriers in the state, as required by the statute. However, the statutes exclude almost 300 commercial line carriers, thereby compromising the accuracy of the report. Even if commercial line carriers were included, the usefulness of the information is questionable because the DOI report measures the number of uninsured motorist bodily injury claims. It only extrapolates the number of uninsured motor vehicles.

The estimated number of uninsured motor vehicles in the DOI report can be compared to the number generated by the MVBG's database to check for accuracy, but since the two systems examine different types of information, the usefulness of such a comparison is questionable.

In addition, the cost of the DOI report is significant. The 2002 report will cost the state \$12,500, up from \$4,500 for the last two reports. Thus, the state is paying \$12,500, and will likely pay that much or more in each subsequent year, for a report of questionable value.

If the General Assembly is going to require insurance companies to report data to a vendor in order to maintain a database that matches such information to vehicle registration information, then the estimates generated by the DOI report are unnecessary and should be discontinued.

Recommendation 3 – Establish the requirements for the reinstatement of a vehicle registration that has been administratively suspended pursuant to the provisions of the Motorist Insurance Identification Database Program Act: payment of a \$100-reinstatement fee and provision of proof of insurance. Enact section 42-7-605(5), C.R.S., to read as follows:

PRIOR TO THE REINSTATEMENT OF ANY REGISTRATION THAT HAS BEEN SUSPENDED UNDER THIS ARTICLE, THE OWNER OF SUCH VEHICLE SHALL PROVIDE TO THE DEPARTMENT:

(a) PAYMENT OF A REINSTATEMENT FEE IN THE AMOUNT OF ONE HUNDRED DOLLARS; AND

(b) PROOF OF COMPLYING INSURANCE COVERAGE IN ACCORDANCE WITH SECTION 10-4-705, C.R.S., OR OF SELF-INSURANCE IN ACCORDANCE WITH SECTION 10-4-716, C.R.S., OR PROOF OF EXEMPTION FROM THE FINANCIAL SECURITY REQUIREMENTS.

(c) ALL FEES COLLECTED UNDER THE PROVISIONS OF THIS SECTION SHALL BE DEPOSITED IN THE SPECIAL ACCOUNT WITHIN THE HIGHWAY USER'S TAX FUND CREATED IN SECTION 42-3-134(26)(d)(I), C.R.S.

Section 42-7-605, C.R.S., directs the Department of Revenue, Motor Vehicle Business Group (MVBG) to suspend the registration of any vehicle that is reported as lacking insurance for three consecutive months and whose owner has received a notice stating that the owner has 45 days in which to provide proof of insurance and which owner has not provided proof of insurance.

The statute, however, does not provide for any penalties or processes for reinstating the vehicle's registration and the MVBG does not currently have an established fee for reinstatement of a vehicle's registration. As the system currently exists, the MVBG is unable to impose a fee to reinstate a suspended registration. If a vehicle's registration is suspended, the owner of the vehicle simply needs to provide proof of insurance to reinstate the registration. This does not provide an adequate penalty for vehicle owners who refuse to obtain insurance until they are forced to do so.

The recommended \$100-reinstatement fee is intended to serve as an incentive to obtain insurance coverage prior to registration suspension. Section 42-4-1701(4)(a)(I)(B), C.R.S., authorizes the imposition of a \$75-fine and \$9-surcharge for operating a motor vehicle whose registration has been suspended. However, this depends upon detection by law enforcement personnel.

This recommendation would assess a penalty when the motor vehicle owner attempts to re-register the vehicle after suspension. In theory, a vehicle owner could be cited by law enforcement for violation of section 42-3-133(1)(a), C.R.S., which requires all motor vehicles that operate on Colorado highways to be registered (the \$75-fine discussed in the preceding paragraph) as well as the \$100-reinstatement fee.

One hundred dollars is not unreasonable. Connecticut charges \$100 and Virginia charges \$500 to reinstate registrations that were suspended as a result of non-compliance with compulsory insurance laws.

In addition, this recommendation seeks to ensure that prior to re-registration, the vehicle owner must provide proof of insurance and compliance with the MIIDB Act.

Finally, all fees collected in connection with vehicle reinstatements would be deposited into the same account as the 50-cents per vehicle surcharge the MVBG currently collects. These new monies could be used to offset the monies collected on vehicle registrations, thus placing a larger portion of the burden of funding the program on those who violate the law, rather than on the general population, most of which complies with the law.

The General Assembly should require the payment of a \$100-fee and proof of insurance before any vehicle registration that has been suspended for lack of insurance is reinstated. The fees collected from this process should be used to help fund the program.

Recommendation 4 – Require the surrender of the license plates of any vehicle whose registration is suspended under the Motorist Insurance Identification Database Program Act, and authorize the imposition of sanctions for refusal to surrender. Enact section 42-7-605.5, C.R.S., to read as follows:

(1) THE REGISTRATION NUMBER PLATES ISSUED TO ANY VEHICLE WHOSE REGISTRATION IS SUSPENDED UNDER THE PROVISIONS OF THIS ARTICLE SHALL BE SURRENDERED TO THE DEPARTMENT WITHIN TEN BUSINESS DAYS OF THE EFFECTIVE DATE OF SUCH SUSPENSION.

(2) ANY PERSON WHO FAILS TO COMPLY WITH THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION SHALL PAY TO THE DEPARTMENT, PRIOR TO ANY SUBSEQUENT REGISTRATION OF THAT VEHICLE, A FINE OF TWO-HUNDRED FIFTY DOLLARS. NO PERSON SHALL BE PERMITTED TO REINSTATE THE REGISTRATION OF A VEHICLE WHOSE REGISTRATION WAS SUSPENDED UNTIL THE REGISTRATION NUMBER PLATES WHICH ARE THE SUBJECT OF SUBSECTION (1) OF THIS SECTION ARE SURRENDERED AND, IF APPLICABLE, THE FINE AUTHORIZED HEREIN IS PAID IN FULL.

(3) ANY FINES COLLECTED UNDER THE PROVISIONS OF THIS SECTION SHALL BE DEPOSITED IN THE SPECIAL ACCOUNT WITHIN THE HIGHWAY USER'S TAX FUND CREATED IN SECTION 42-3-134(26)(d)(I), C.R.S.

Prior to the 2000 Sunset Review of the MIIDB, the MIIDB Act authorized the MVBG to seize the license plates from vehicles that did not obtain insurance within 45 days of receiving the notice of noncompliance. In the 2000 Sunset Report, DORA recommended that the General Assembly repeal this provision because it was unenforceable, and the General Assembly repealed it. However, this recommendation is significantly different from the old provision in that it does not require the MVBG to take overt, affirmative action.

Currently, the law does not provide for the mandatory surrender, or demand for surrender, of the license plates of a vehicle whose registration has been suspended. This means that, although a vehicle's registration has been suspended, the owner of that vehicle can continue to drive it on Colorado's roadways undetected. The only way law enforcement will learn about the suspended registration is during a routine traffic stop or investigation of an accident.

By directing the MVBG to demand the surrender of the license plates of such a vehicle, that vehicle will be more conspicuous to law enforcement personnel if the owner continues to drive it on Colorado's roadways, thus enabling law enforcement personnel to stop the vehicle and enforce this provision, possibly preventing the vehicle from becoming involved in an accident and causing substantially more harm.

This recommendation also provides for a penalty to be imposed upon any vehicle owner who does not surrender the license plates as directed. Section 42-3-133(1)(d), C.R.S., states, "It is unlawful for any person . . . (d) To fail or refuse to surrender to the department, upon demand, any certificate of title, registration card, or registration number plate which has been suspended, cancelled, or revoked as provided in this article[.]" However, that section does not provide for any penalties for failure to surrender as directed.

This recommendation attempts to rectify this shortcoming by imposing a fine of \$250 if the owner of the vehicle fails to surrender the license plates, as directed, within 10 business days, which is effectively two weeks. In addition, the owner is prohibited from reinstating the registration of that vehicle until the license plates are surrendered and the fine has been paid.

Taken in conjunction with section 10-4-604.5, C.R.S., which requires proof of insurance to register a vehicle, this will prevent the owner from registering the vehicle with the State of Colorado until that owner is in full compliance with the law.

At some point, the costs of not carrying insurance will surpass the cost of insurance, thus compelling the vehicle owner to obtain insurance or dispose of the vehicle. Until that point is reached, the problem of uninsured motor vehicles will persist. The proposed change is aimed at helping to raise the cost of not carrying insurance.

Finally, the fines collected in connection with this recommendation would be deposited into the same account as the 50-cents per vehicle surcharge the MVBG currently collects. These new monies could be used to offset the monies collected on vehicle registrations, thus placing a larger portion of the burden of funding the program on those who violate the law, rather than on the general population, most of which complies with the law.

To more effectively enforce Colorado's compulsory insurance laws, the General Assembly should direct the MVBG to demand the surrender of the license plates of any vehicle whose registration is suspended for failure to maintain insurance coverage, and impose an appropriate penalty for failure to comply with such demand.

Recommendation 5 – Declare that “Motorist Insurance Identification Database Program Act” is the only short title for the program. Amend section 42-7-601, C.R.S., as follows:

(1) This part 6 shall be known and cited as the “Motorist Insurance Identification Database Program Act”.

~~**(2) Effective July 1, 2001, this part 6 shall be known and may be cited as the “Motorist Insurance Identification Database Program Act” unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the number of uninsured motorist claims reported by insurers declined between July 1, 1997, and the date of the department’s review.**~~

These subsections are very likely the result of a drafting error. Subsection 1 provides the short title of the act and then subsection 2 provides for an alternative short title, but conditions it upon whether DORA reports that the number of uninsured motorist claims decreased during the review period cited.

Additionally, subsection 2 has an effective date of July 1, 2001, which is a full year and a half before DORA's report was even drafted.

According to a strict reading of subsection 2, if the number of uninsured motorist claims does not decrease during the relevant time period, the program may not be referred to as the Motorist Identification Database Program Act. Rather, it must be referred to as the Motorist Insurance Identification Database Program Act. There is a one-word difference -- “Insurance” -- between these two provisions.

Additionally, including the word “Insurance” in the short title is a more accurate description of the program. The MIIDB does not merely create a database of motorist information. It creates a database and program by which motor vehicle information is compared to insurance policy information. Thus, including the word “insurance” in the short title, as subsection 1 does, is a more accurate description of the program.

The General Assembly should repeal subsection 2 because it is confusing, accomplishes nothing and because the short title for subsection 1 is a more accurate description of the program.

Recommendation 6 – Move the statutory provision regarding theft of license plates to a more appropriate section of the Colorado Revised Statutes. Section 42-7-605(2), C.R.S., reads as follows:

Any person who steals a license plate shall be in violation of section 42-5-104(2)(a).

Part 6, Article 7 of Title 42, C.R.S., establishes the Motorist Insurance Identification Database Program (MIIDB) and delineates how that program is to be operated. Section 42-7-605(2), C.R.S., in no way relates to the MIIDB.

A more appropriate location for this provision would be section 42-3-130, C.R.S., which governs the effects of a theft of a vehicle’s registration.

Alternatively, the provision could be moved to section 42-5-104, C.R.S., which specifies the penalties for the theft of motor vehicle parts. This provision could be added to this section by specifying that theft of a license plate constitutes theft of motor vehicle parts.

Appendix A - Sunset Statutory Evaluation Criteria

- (I) Whether regulation by the agency is necessary to protect the public health, safety and welfare; whether the conditions which led to the initial regulation have changed; and whether other conditions have arisen which would warrant more, less or the same degree of regulation;
- (II) If regulation is necessary, whether the existing statutes and regulations establish the least restrictive form of regulation consistent with the public interest, considering other available regulatory mechanisms and whether agency rules enhance the public interest and are within the scope of legislative intent;
- (III) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices and any other circumstances, including budgetary, resource and personnel matters;
- (IV) Whether an analysis of agency operations indicates that the agency performs its statutory duties efficiently and effectively;
- (V) Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates;
- (VI) The economic impact of regulation and, if national economic information is not available, whether the agency stimulates or restricts competition;
- (VII) Whether complaint, investigation and disciplinary procedures adequately protect the public and whether final dispositions of complaints are in the public interest or self-serving to the profession;
- (VIII) Whether the scope of practice of the regulated occupation contributes to the optimum utilization of personnel and whether entry requirements encourage affirmative action; and
- (IX) Whether administrative and statutory changes are necessary to improve agency operations to enhance the public interest.

Appendix B – Notice of Noncompliance



July 16 2002

*****06*01611*5-DIGIT

Colorado Motorist Insurance Identification Program
P.O. Box 173927
Denver, CO 80217-3927

Concerning Vehicle(s): Case # Year Make Vin #

Colorado law requires that if you drive a vehicle on public roads, you must have insurance on that vehicle. If you have proper insurance coverage and carry proof of insurance in your vehicle you are in compliance with the State insurance requirements.

Our records show that you do not have insurance on the vehicle listed above. If you do not have insurance on this vehicle you may not drive it until you obtain insurance coverage. The registration of your vehicle will be **SUSPENDED** effective 9/4/02, unless proof of insurance has been provided. Should your registration be suspended, you will not receive a refund of ownership taxes already collected or a renewal notice, and you may be stopped by law enforcement. **This will be the only notice you will receive.**

If our information is incorrect, we need your assistance to ensure the correct insurance information is on our file. The Motor Vehicle Division of the Colorado Department of Revenue has a contract with a private company, Explore Information Services. They have developed the program to match insurance information to state motor vehicle registrations. Please provide to them one of the following items as proof of proper insurance coverage:

- A letter, on company letterhead from the insurance company or insurance agency verifying insurance coverage, or
- The declaration page from the insurance policy, or
- An insurance binder or policy, or
- An insurance card, or
- Proof of self-insurance in accordance with section 10-4-716 C.R.S. or proof of exemption from the security requirements, or
- By mail to Colorado Insurance Program
PO Box 173927, Denver, Colorado 80217-3927, or
- By FAX to 1-800-822-4797, or
- By E-mail to info@driveinsured.com.

The information you provide will be verified with the insurance company named in your correspondence.

If you have any questions, call us toll free at 1-800-501-3792, or visit our Web site: www.driveinsured.com, or see the enclosed brochure.

Appendix C – Motorist Insurance Identification Database Program Act

42-7-601 - Short title.

(1) This part 6 shall be known and may be cited as the "Motorist Insurance Identification Database Program Act".

(2) Effective July 1, 2001, this part 6 shall be known and may be cited as the "Motorist Identification Database Program Act" unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the number of uninsured motorist claims reported by insurers declined between July 1, 1997, and the date of the department's review.

42-7-602 - Uninsured motorist identification database program - creation.

The general assembly hereby directs the transportation legislation review committee to conduct an examination of the problem of uninsured motorists in this state and to propose legislation which shall alleviate if not eliminate the problem. The general assembly further directs the transportation legislation review committee to examine Colorado's compulsory motor vehicle insurance system. Such examination shall include a review of whether such system should be maintained or repealed and whether there are more effective enforcement mechanisms that might be employed. The committee shall also study the effectiveness of other enforcement mechanisms including, but not limited to, uninsured motorist database programs that have been employed in other compulsory insurance states.

42-7-603 - Definitions.

As used in this part 6, unless the context otherwise requires:

(1) "Database" means the motorist insurance identification database described in section 42-7-604 (5).

(2) "Department" means the department of revenue.

(3) "Designated agent" means the party with which the department contracts under section 42-7-604.

(4) (Deleted by amendment, L. 2000, p. 1649, § 43, effective June 1, 2000.)

(5) "Program" means the motorist insurance identification database program created in section 42-7-604.

42-7-604 - Motorist insurance identification database program - creation - administration - selection of designated agent - legislative declaration.

(1) The general assembly hereby finds, determines, and declares that the purpose of this section is to help reduce the uninsured motorist population in this state and measure the effectiveness of the motorist insurance identification database created herein.

(2) The general assembly further recognizes that the information and data required to be disclosed by insurers in creating and maintaining the motorist insurance identification database is proprietary in nature. Accordingly, the parties handling such information and data shall at all times maintain their confidential and proprietary nature.

(3) The motorist insurance identification database program is hereby created for the purpose of establishing a database to use when verifying compliance with the motor vehicle security requirements in this article and in articles 3 and 4 of this title. The program shall be administered by the department.

(4) (a) Not later than January 1, 1998, the department shall contract with a designated agent that shall monitor compliance with the financial security requirements of this article; except that the department shall not enter into any contract under this subsection (4) unless at least two entities bid on said contract.

(b) After a contract has been entered into with a designated agent, the department shall convene a working group for the purpose of facilitating the implementation of the program. The working group shall consist of representatives of the insurance industry, the division of insurance, the department of public safety, and the department.

(5) (a) Not later than January 1, 1999, the designated agent, using its own computer network, shall develop and maintain a computer database with information provided by:

(I) Insurers, pursuant to section 10-4-615, C.R.S.; except that any person who qualifies as self-insured pursuant to section 10-4-716, C.R.S., shall not be required to provide information to the designated agent; and

(II) The department that shall provide the designated agent with the name, date of birth, address, and driver's license number of all persons in its computer database, and the make, year, and vehicle identification number of all registered vehicles.

(b) The department shall establish guidelines for the development and maintenance of a database so that said database can easily be accessed by state and local law enforcement agencies. Such access shall be within procedures already established and shall not require additional computer keystrokes by dispatch or law enforcement personnel or any other additional procedures.

(6) Not later than January 1, 1999, the designated agent shall, at least monthly:

(a) Update the database with information provided by insurers in accordance with section 10-4-615, C.R.S.;

(b) Compare then-current motor vehicle registrations against the database.

(6.5) All insurers actively writing automobile insurance will report their policyholder and uninsured motorist claim numbers to the commissioner in a manner prescribed by the commissioner, starting with data for the twelve-month period immediately preceding July 1, 1997.

(7) The division of insurance in the department of regulatory agencies shall contract with a company that gathers statistical information concerning personal lines of property and casualty insurance. Said company shall be paid from the motorist insurance identification account within the highway users tax fund, and shall report the frequency of uninsured motorist claims to the division of insurance on a regular basis. Such report shall include a comparison of the number of uninsured motorist claims with the average number of such claims reported for the twelve-month period immediately preceding July 1, 1997. The division of insurance shall transmit such information to the general assembly no later than January 1, 1999, and each January 1 thereafter.

(8) The department, in cooperation with the division of insurance, shall promulgate rules and develop procedures for administering and enforcing this part 6. Such rules shall specify the reporting requirements that are necessary and appropriate for commercial lines of insurance and shall be developed with input by insurers and the designated agent.

42-7-605 - Notice of lack of financial responsibility.

(1) If the comparison made pursuant to section 42-7-604 (6) (b) shows that a motor vehicle that has not been exempted under section 42-3-134 (1) (b) has not been insured for three consecutive months, the department of revenue shall direct the designated agent to notify the owner of the motor vehicle that said owner has forty-five days to provide the designated agent with one of the following, or said owner's registration will be subject to immediate administrative suspension after the expiration of said forty-five day period:

(a) Proof of complying coverage in accordance with section 10-4-705, C.R.S., or of self-insurance in accordance with section 10-4-716, C.R.S.; or

(b) Proof of exemption from the financial security requirements.

(2) Any person who steals a license plate shall be in violation of section 42-5-104 (2) (a).

(3) A letter from an insurer or agent verifying that the person had the required motor vehicle insurance coverage on the date specified shall be considered proof of financial responsibility for purposes of this section. Such letter may be mailed to the department.

(4) The provisions of this section shall take effect not later than January 1, 1999.

42-7-606 - Disclosure of insurance information - penalty.

(1) Information provided to the designated agent by insurers and the department for inclusion in the database established pursuant to section 42-7-604 is the property of the insurer or the department, as the case may be, and may not be disclosed except as follows:

(a) The designated agent shall verify a person's insurance coverage upon request by any state or local government agency investigating, litigating, or enforcing such person's compliance with the financial security requirements.

(b) The department shall disclose whether an individual has the required insurance coverage upon request by the following individuals and agencies only:

(I) The individual;

(II) The parent or legal guardian of the individual if the individual is an unemancipated minor;

(III) The legal guardian of the individual if the individual is legally incapacitated;

(IV) Any person who has power of attorney from the individual;

(V) Any person who submits a notarized release from the individual that is dated no more than ninety days before the date the request is made;

(VI) Any person suffering loss or injury in a motor vehicle accident in which the individual is involved, but only as part of an accident report authorized in part 16 of article 4 of this title; or

(VII) The office of the state auditor, for the purpose of conducting any audit authorized by law.

(2) Any person or agency who knowingly discloses information from the database for a purpose or to a person other than those authorized in this section commits a class 1 misdemeanor and shall be punished as provided in section 18-1-106, C.R.S.

(3) The state shall not be liable to any person for gathering, managing, or using information in the database pursuant to this part 6.

(4) The designated agent shall not be liable to any person for performing its duties under this part 6, unless and to the extent said agent commits a willful and wanton act or omission. The designated agent shall be liable to any insurer damaged by the designated agent's negligent failure to protect the confidential and proprietary nature of the information and data disclosed by the insurer to the designated agent.

(5) The designated agent shall provide to this state an errors and omissions insurance policy covering said designated agent in an appropriate amount.

(6) No insurer shall be liable to any person for performing its duties under this part 6, unless and to the extent the insurer commits a willful and wanton act or omission.

42-7-607 - Part 6 not to supersede other provisions.

This part 6 shall not supersede other actions or penalties that may be taken or imposed for violation of the financial security requirements of this article.

42-7-608 - Review by department of regulatory agencies - repeal.

(1) The department of regulatory agencies shall review the operation and performance of the motorist insurance identification database program pursuant to section 24-34-104, C.R.S., to determine whether the proportion of uninsured motorists had declined between July 1, 2000, and the date of the review and shall submit a report of its findings to the general assembly no later than October 15, 2002. The department of regulatory agencies shall make copies of its report available to each member of the general assembly.

(2) This section is repealed, effective July 1, 2003.

42-7-609 - Repeal of sections.

Sections 42-7-603 to 42-7-609 are repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

**Appendix D –
Miscellaneous
Statutes Related
to the Motorist
Insurance
Identification
Database
Program Act**

10-4-604.5 - Issuance or renewal of insurance policies - proof of insurance provided by certificate, card, or other media - repeal.

(1) In addition to any other requirement, if an insurer issues or renews a policy of insurance, the insurer shall provide the insured a proof of insurance certificate or insurance identification card to accompany the insured's registration application or renewal card or provide proof of insurance in such other media as is authorized by the department under section 42-3-105 (1) (c) or section 42-3-112 (3) (b), C.R.S. If the insured has an operator's policy of insurance under section 10-4-706.5, the insurer shall provide the insured such proof of insurance for each motor vehicle owned by the insured.

(2) This section is repealed, effective July 1, 2003.

10-4-615 - Motorist insurance identification database program - reporting required - fine - repeal.

(1) Before the seventh working day of each calendar month, each insurer that issues a policy pursuant to this part 6 or part 7 of this article shall provide to the designated agent selected in accordance with section 42-7-604 (4), C.R.S., a record of each policy issued during the immediately preceding month. Such record shall comply with the requirements of subsections (2) and (3) of this section, except as may otherwise be provided for commercial lines of insurance in rules adopted by the department. This subsection (1) shall not be construed to prohibit more frequent reporting.

(2) The record described in subsection (1) of this section shall include:

(a) The name, date of birth, driver's license number, and address of each named insured owner or operator;

(b) The make, year, and vehicle identification number of each insured motor vehicle; and

(c) The policy number, effective date, and expiration date of each policy.

(3) Each insurer shall provide the required information in a form or manner acceptable to the designated agent.

(4) (a) The department of revenue shall assess a fine of not more than two hundred fifty dollars against an insurer for each day such insurer fails to comply with this section or with rules promulgated pursuant to section 42-7-604 (8), C.R.S.

(b) The commissioner shall excuse the fine if an insurer provides proof that its failure to comply was inadvertent, accidental, or the result of excusable neglect.

(5) This section is effective thirty days after notification is given by the designated agent, but not later than January 1, 1998.

(6) This section is repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608, C.R.S., and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

10-4-705 - Coverage compulsory.

(1) Every owner of a motor vehicle who operates the motor vehicle on the public highways of this state or who knowingly permits the operation of the motor vehicle on the public highways of this state shall have in full force and effect a complying policy under the terms of this part 7 covering the said motor vehicle, and any owner who fails to do so shall be subject to the sanctions provided under section 42-4-1409 and section 42-7-301, C.R.S., of the "Motor Vehicle Financial Responsibility Act".

(2) Any owner of a motor vehicle who operates the motor vehicle on the public highways of this state or who knowingly permits the operation of the motor vehicle on the public highways of this state who fails to have in full force and effect a complying policy covering said motor vehicle at the time of any accident, on account of which benefits under section 10-4-706 (1) (b) to (1) (e) or alternatively, as applicable, section 10-4-706 (2) or (3) would be payable, shall be personally liable for the payment of such benefits to the person for whom such payment would have been required, if such coverage had been in effect under the terms of section 10-4-707. Such an owner shall have all of the rights and obligations of any insurer under this part 7.

(3) For the purpose of subsection (1) of this section, the definition of "motor vehicle" also includes "motorcycle" and "motorscooter", as such terms are defined in section 42-1-102, C.R.S.; except that the complying policy shall be limited to the coverage required by section 10-4-706 (1) (a).

10-4-716 - Self-insurers.

(1) Any person in whose name more than twenty-five motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the commissioner.

(2) The commissioner may, in his or her discretion, upon the application of such person, issue a certificate of self-insurance when the commissioner is satisfied that such person is able and will continue to be able to pay direct benefits as required under section 10-4-706 (1) (b) to (1) (e) and to pay any and all judgments that may be obtained against such person. Upon not less than five days' notice and a hearing pursuant to such notice, the commissioner may, upon reasonable grounds, cancel a certificate of self-insurance. Failure to pay any benefits under section 10-4-706 (1) (b) to (1) (e) or failure to pay any judgment within thirty days after such judgment shall have become final shall constitute a reasonable ground for the cancellation of a certificate of self-insurance.

(3) For purposes of subsection (2) of this section, the commissioner shall accept, as proof that a motor vehicle carrier or contract carrier by motor vehicle, as defined in articles 10 and 11 of title 40, C.R.S., is able and will continue to be able to pay all judgments that might be obtained against the carrier, a surety bond in a form acceptable to the commissioner in an amount determined by the commissioner sufficient to ensure that the carrier has the ability to pay all judgments that may be obtained against any such carrier.

42-3-134 - Registration fees - passenger and passenger-mile taxes - fee schedule for years of TABOR surplus revenue - refund - clean screen fund - repeal.

(d) (l) Effective September 1, 1997, in addition to any other fee imposed by this section, there shall be collected, at the time of registration of any motor vehicle in the state, a motorist insurance identification fee. Such fee shall be adjusted annually by the department of revenue, based upon moneys appropriated by the general assembly for the operation of the motorist insurance identification database program. In no event shall such fee exceed fifty cents. Such fee shall be transmitted to the state treasurer, who shall credit the same to a special account within the highway users tax fund, to be known as the motorist insurance identification account, which is hereby created. Moneys in the motorist insurance identification account shall be used, subject to appropriation by the general assembly, to cover the costs of administration and enforcement of the motorist insurance identification database program, created in section 42-7-604.

(II) This paragraph (d) is repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

42-4-1409 - Compulsory insurance - penalty - repeal.

(1) No owner of a motor vehicle required to be registered in this state shall operate the vehicle or permit it to be operated on the public highways of this state when the owner has failed to have a complying policy or certificate of self-insurance in full force and effect as required by sections 10-4-705 and 10-4-716, C.R.S.

(2) No person shall operate a motor vehicle on the public highways of this state without a complying policy or certificate of self-insurance in full force and effect as required by sections 10-4-705 and 10-4-716, C.R.S.

(3) When an accident occurs, or when requested to do so following any lawful traffic contact or during any traffic investigation by a peace officer, no owner or operator of a motor vehicle shall fail to present to the requesting officer immediate evidence of a complying policy or certificate of self-insurance in full force and effect as required by sections 10-4-705 and 10-4-716, C.R.S.

(4) (a) Any person who violates the provisions of subsection (1), (2), or (3) of this section commits a class 1 misdemeanor traffic offense. The minimum fine imposed by section 42-4-1701 (3) (a) (II) (A) shall be mandatory, and the court shall not suspend such minimum fine, in whole or in part, unless it is established that appropriate insurance as required under sections 10-4-705 and 10-4-716, C.R.S., has been obtained. Nothing in this paragraph (a) shall be construed to prevent the court from imposing a fine greater than the minimum mandatory fine.

(b) Upon a second or subsequent conviction under this section within a period of two years following a prior conviction under this section, in addition to any imprisonment imposed pursuant to section 42-4-1701 (3) (a) (II) (A), the defendant shall be punished by a minimum mandatory fine of not less than two hundred dollars, and the court shall not suspend such minimum fine, in whole or in part, unless it is established that appropriate insurance as required under sections 10-4-705 and 10-4-716, C.R.S., has been obtained. Nothing in this paragraph (b) shall be construed to prevent the court from imposing a fine greater than the minimum mandatory fine.

(c) In addition to the penalties prescribed in paragraphs (a) and (b) of this subsection (4), any person convicted pursuant to this section may, at the discretion of the court, be sentenced to perform not less than forty hours of community service, subject to the provisions of section 16-11-701, C.R.S.

(5) Testimony of the failure of any owner or operator of a motor vehicle to present immediate evidence of a complying policy or certificate of self-insurance in full force and effect as required by sections 10-4-705 and 10-4-716, C.R.S., when requested to do so by a peace officer, shall constitute prima facie evidence, at a trial concerning a violation charged under subsection (1) or (2) of this section, that such owner or operator of a motor vehicle violated subsection (1) or (2) of this section.

(6) No person charged with violating subsection (1), (2), or (3) of this section shall be convicted if the person produces in court a bona fide complying policy or certificate of self-insurance which was in full force and effect, as required by sections 10-4-705 and 10-4-716, C.R.S., at the time of the alleged violation.

(7) The owner of a motor vehicle, upon receipt of an affirmation of insurance as described in section 42-3-112 (2) and (3), shall sign and date such affirmation in the space provided.

(8) This section is repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

42-4-1410 - Proof of financial responsibility required - suspension of license - repeal.

(1) Any person convicted of violating section 42-4-1409 (1) shall file and maintain proof of financial responsibility for the future as prescribed in sections 42-7-408 to 42-7-412. Said proof of insurance shall be maintained for a period of three years from the date of conviction.

(2) The clerk of a court or the judge of a court which has no clerk shall forward to the executive director of the department of revenue a certified record of any conviction under section 42-4-1409 (1). Upon receipt of any such certified record, the director shall give written notice to the person convicted that such person shall be required to provide proof of financial responsibility for the future for a period of three years from the date of conviction and advising such person of the manner in which proof is to be provided. If no proof as required is provided to the director within a period of twenty days from the time notice is given or if at any time when proof is required to be maintained it is not so maintained or becomes invalid, the director shall suspend the driver's license of the person from whom proof is required and shall not reinstate the license of such person until proof of financial responsibility is provided.

(3) This section is repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

42-5-104 - Theft of motor vehicle parts.

(1) Any person who with criminal intent removes, detaches, or takes from a motor vehicle which is the property of another any part, equipment, attachment, accessory, or appurtenance contained therein, contained thereon, or forming a part thereof or any person who aids, abets, or assists in the commission of any such act or acts is guilty of theft of motor vehicle parts.

(2) Theft of motor vehicle parts is:

(a) A class 2 misdemeanor if the value of the thing involved is less than five hundred dollars;

(b) A class 5 felony if the value of the thing involved is five hundred dollars or more but less than fifteen thousand dollars;

(c) A class 3 felony if the value of the thing involved is fifteen thousand dollars or more.

(3) When a person commits theft of motor vehicle parts two times or more within a period of six months without having been placed in jeopardy for the prior offense or offenses and the aggregate value of the things involved is five hundred dollars or more but less than fifteen thousand dollars, it is a class 5 felony; however, if the aggregate value of the things involved is fifteen thousand dollars or more, it is a class 4 felony.

42-7-202 - Report of accident required.

(1) The operator or owner of every motor vehicle which is in any manner involved in an accident in which any person is killed or injured or in which damage to any property is sustained, within ten days after such accident, shall report the matter in writing to the director unless the insurance information has been provided to law enforcement as required in section 42-4-1606 (4). If such operator is physically incapable of making such report and is not the owner of the motor vehicle involved, the owner of the motor vehicle involved in the accident shall, within ten days after learning of the accident, make such report. If the operator and owner are the same person and such person is physically incapable of making such report within the required ten-day period, such person may designate some other person to make the report on behalf of such person or shall file the report as soon as such person is able to do so.

(2) The accident report required under this section, the form of which shall be prescribed by the director, shall contain information to enable the director to determine whether the requirements for the filing of security and proof of financial responsibility for the future are inapplicable by reason of the existence of insurance at the time of the accident or other exceptions. The operator or the owner of the motor vehicle involved in the accident shall make such additional reports relating thereto as the director requires.

(3) The director may rely upon the accuracy of information as to insurance or bond contained in written statements required under part 3 of this article or under section 42-4-1606 unless and until the director has reason to believe that such information is erroneous.

(4) The director shall suspend the license (or any nonresident's operating privilege) of any person who fails, refuses, or neglects to make a report of a motor vehicle accident as required in this section.

(5) Nothing in this section shall be deemed to affect the underwriting of insurance policies issued under the "Colorado Auto Accident Reparations Act", part 7 of article 4 of title 10, C.R.S.

42-7-301.5 - Proof of financial responsibility.

(1) Any person who presents an altered or counterfeit letter or altered or counterfeit insurance identification card from an insurer or agent for the purpose of proving financial responsibility for purposes of this article shall be in violation of this section and shall be punished by a fine of five hundred dollars. If such presentation is said person's second or subsequent offense the fine shall be one thousand dollars and said person's uninsured motor vehicle shall be seized.

(2) Any person who alters or creates a counterfeit letter or insurance identification card for another shall be punished by a fine of five hundred dollars. If such alteration or creation is said person's second or subsequent offense, the fine shall be one thousand dollars.

(3) It shall be an affirmative defense that the person did not know or could not have known that the presented document was altered or counterfeit.

(4) This section is repealed, effective July 1, 2003, unless the review conducted by the department of regulatory agencies pursuant to section 42-7-608 and reported to the general assembly indicates that the proportion of uninsured motorists declined between July 1, 2000, and the date of the department's review.

42-7-501 - Self-insurers.

(1) Any person in whose name more than twenty-five motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the commissioner of insurance.

(2) The commissioner of insurance may, in his or her discretion, upon the application of such person, issue a certificate of self-insurance when the commissioner of insurance is satisfied that such person is possessed and will continue to be possessed of ability to pay all judgments that may be obtained against such person. Upon not less than five days' notice and a hearing pursuant to such notice, the commissioner of insurance may, upon reasonable grounds, cancel a certificate of self-insurance. Failure to pay any judgment within thirty days after such judgment has become final shall constitute a reasonable ground for the cancellation of a certificate of self-insurance.