

## WHY HAVE AN FR LAW?

If you've ever been involved in a crash with an uninsured motorist, you might wonder why Ohio doesn't require auto insurance.

Many states that have mandatory insurance requirements also have higher premiums. But drivers in the Buckeye state maintain auto insurance premiums that are \$182 lower than the US average, based on 2013 premiums. In fact, Ohio has the 12th lowest rates in the US. In compulsory insurance states, good driver premiums help subsidize the cost of insurance for high-risk drivers. FR laws allow drivers to pay for insurance based on their driving record. In other words, responsible drivers are not penalized for the actions of irresponsible ones.

There is no guarantee that a person in a mandated insurance law state maintains auto insurance. A person may choose to cancel his/ her insurance upon applying or renewing a license. Also those choosing to evade state laws can obtain fake insurance ID cards.

No auto insurance law has proven a cure-all to uninsured drivers. A strongly enforced FR law can work as well as a compulsory law in limiting the number of uninsured drivers.

Ohio currently has a random verification program in place to catch those who are not complying with the law in real time. Efforts are underway to evaluate and implement an electronic insurance verification reporting system to replace the current program. For more, see the *FR Study Committee Report* at <http://1.usa.gov/1NEmXVa>.

## FR RANDOM VERIFICATION PROCESS

The FR random verification program, which went into effect in December 1998, ensures greater compliance with the state's FR law. 5% of Ohio's registered vehicle and noncommercial truck owners are randomly selected and mailed FR verification letters weekly. Recipients are given 21 days to respond to this first request for FR proof. Here's how it works:

- The Ohio BMV sends a letter requesting FR proof. Recipients are required to send the BMV within 21

days a copy of one of the following: Auto insurance policy's declaration page, auto insurance ID card or a copy of the authorized FR bond.

- If not provided, the BMV allows up to 10 days before mailing a "Notice of Suspension." The notice provides a 60-day grace period for the recipient to provide FR proof.
- A second notice of suspension is sent via certified mail.

Owners of seasonally driven vehicles can satisfy program requirements by providing a letter from their insurance agent or company stating that the vehicle is insured on a seasonal basis. This information should be mailed to: Ohio BMV Insurance Processing Center, P.O. Box 209, Hudson, OH 44236-0209. For additional information call 877-315-6605 or visit online at <http://1.usa.gov/1OHL6EA>.

## FILING AN OPTIONAL CRASH REPORT

The owner or driver (or insurance company representative) of an insured vehicle that is involved in a crash with an uninsured vehicle may file a Motor Vehicle Crash Report (<http://bit.ly/hrdJFY>) with the Bureau of Motor Vehicles as part of the process to suspend the driving privileges of the uninsured driver. See the crash report form for requirements.

This report is different from the one taken by law enforcement at the crash scene. Motor vehicle crash report forms are available from the Ohio Highway Patrol, your insurer or online at <http://bit.ly/hrdJFY>.

## ONLINE RESOURCES

- All OII consumer *Fact Pak* brochures: <http://bit.ly/2mqT01O>
- Ohio BMV brochure "You can't drive without vehicle insurance in Ohio" <http://bit.ly/gPLICn>
- *Digest of Ohio Motor Vehicle Laws*: <http://1.usa.gov/1ZKHxFq>
- Ohio BMV forms: <http://1.usa.gov/1O73DL4>
- Ohio drivers license info: <http://1.usa.gov/1Z2ORzo>
- Ohio Motor Vehicle Crash Report form: <http://bit.ly/hrdJFY>
- Ohio BMV insurance requirement forms: <http://1.usa.gov/1RcUZkl>

### FOR MORE CONSUMER INFORMATION

OII offers free consumer brochures covering a variety of homeowners and auto insurance issues, consumer safety tips and insurance laws. Visit [www.ohioinsurance.org](http://www.ohioinsurance.org) for a variety of consumer-related materials.



Representing Ohio's property/casualty insurance industry

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# CONSUMER FACT • PAK



## Ohio's Financial Responsibility Law

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Representing Ohio's property/casualty insurance industry

Ohio's financial responsibility (FR) law governing vehicle owners and operators was first enacted in 1953. Ohio's FR law protects injured parties and related damages sustained in a crash caused by another driver. Ohio motorists are required to sign a form acknowledging that they will not drive without insurance or other means of financial responsibility. This form is part of a new drivers license or renewal process and when applying for or renewing Ohio license plates. (<http://1.usa.gov/1Z24kdD>)

## ABOUT THE LAW

In Ohio, it's illegal to drive a motor vehicle without insurance or other proof of FR. It's also illegal for a motor vehicle owner to allow anyone to drive the owner's vehicle without FR proof.

Ohio's FR law applies to:

- Owners of registered vehicles in Ohio
- Those with Ohio drivers licenses or those applying for any type of Ohio drivers license, including a probationary license
- Motorists leasing vehicles from licensed dealers

To meet FR law requirements one of the following is needed:

- **Auto liability insurance.** When you comply through auto insurance, your insurer provides an insurance ID card that indicates FR requirements have been met. FR minimum coverage limits are: Bodily Injury Liability - \$25,000 per person /\$50,000 per accident and Property Damage Liability - \$25,000 per accident.

The Ohio Administrative Code was amended in 2014 permitting proof of financial responsibility by electronic means. Insurance companies may now provide proof of FR identification card(s) in electronic form for display on smart phones, tablets and other electronic devices. For specifics, go to <http://1.usa.gov/21pp17n>.

- **Surety bond of \$30,000** issued by an authorized surety or insurance company (<http://1.usa.gov/1OR86B1>)
- **A certificate of proof of financial responsibility signed by an insurance agent** on a form prescribed by the Ohio Bureau of Motor Vehicles (BMV). (<http://1.usa.gov/1Z24kdD>)
- **Certificate issued by the Ohio BMV indicating that money or government bonds in the amount of \$30,000 is on deposit** with the Ohio State Treasurer. (<http://1.usa.gov/1Z21cyw>)

- **A certificate of bond issued by the Ohio BMV in the amount of \$30,000 signed by two individuals who own real estate having equity of at least \$60,000.** (<http://1.usa.gov/1S0DUKk>)
- **Certificate of self-insurance**, available to individuals or businesses that own more than 25 vehicles registered in theirs or a company's name. (<http://1.usa.gov/1ZKVFif>)

For more on compliance, see the Ohio BMV brochure at: <http://bit.ly/gPLICn>.

Proof of FR is required if you are:

- Stopped for a moving violation, a vehicle safety inspection or involvement in a traffic accident
- Upon BMV request for FR proof if involved in a crash causing injury, death or more than \$400 in property damage and a Motor Vehicle Crash Report was filed by another driver
- Involved in a violation requiring a court appearance
- When contacted through the Ohio BMV random verification program

## AUTO INSURANCE AND THE FR LAW

Most Ohioans choose to comply with the FR law by purchasing an auto liability insurance policy, at least at state minimum levels. This covers bodily injury and property damage claims made against you. It covers such losses caused to others if you are found at-fault in a crash. It's important to note that liability insurance **does not** cover injury or property damage to you or your vehicle.

If you choose auto insurance to comply with the FR law, the minimum liability limits under state law are:

- **Bodily injury liability limits:** \$25,000 per person and \$50,000 per accident and
- **Property damage liability limit:** \$25,000 per accident

Since some irresponsible drivers may choose to ignore the FR law, the inclusion of Uninsured/Underinsured Motorists (UM/UIM) coverage to your policy is recommended. It provides protection for injuries to you and your passengers caused by out-of-state drivers, at-fault uninsured motorists, hit-and-run drivers and at-fault drivers whose policy limits are insufficient to cover your losses.

Uninsured motorists property damage (UMPD) is an optional coverage for those who only purchase auto liability coverage. UMPD covers your vehicle if involved in a crash with an uninsured motorist. Insurers are not required to offer UMPD to those carrying collision coverage, since it provides similar protection.

For more information on various types of auto insurance coverages, go to OII's "Auto Insurance" *Fact Pak* brochure at <http://bit.ly/2m7VX4g>.

## CURRENT FR LAW PENALTIES

- Lose drivers license until reinstatement requirements are met (payment of the reinstatement fee and filing of an SR 22 or bond) for the first offense, one year on the second offense and two years for additional offenses.
- \*Petition the court for limited driving privileges.
- Possible license plate and vehicle registration suspension.
- License reinstatement fees of \$100 (first offense), \$300 (second offense within 5 years) and \$600 (third offense with 5 years).
- \$50 penalty for failure to surrender drivers license, license plates or registration in the required period of time.
- \$100 penalty for non-compliance with Ohio's random verification program.
- Requirement to file and maintain FR auto insurance (SR 22 or bond) for three years on a first offense, and five years on a second and subsequent offenses. If the violator cancels or non-renews coverage within the monitoring period, the BMV will be notified.
- Vehicle immobilization and confiscation of plates for 30–60 days for violating FR suspension. For third and subsequent offenses, the vehicle may be forfeited and sold. The vehicle owner will not be permitted to register a motor vehicle in Ohio for five years.

\*Violators may file for limited driving privileges as long as FR compliance is obtained and reinstatement fees are paid. This excludes offenders accruing 12 points or convicted of a serious traffic violation.

## PENALTIES FOR FR LAW VIOLATION

Penalties for FR law violation depend on the number of offenses within a five-year period. For more, go to <http://1.usa.gov/1Pc0Kbl>.

Also see Ohio BMV Driver License Suspension and Reinstatement info at <http://1.usa.gov/1SvwkGV>.

## WAYS TO PROVE FR

When law enforcement requests FR proof and you don't have it, you're given a notice explaining the following opportunities to show proof:

- Send a copy of FR proof (insurance ID card or display of evidence) when paying the fine
- Bring FR proof when appearing in traffic court
- Send it in when requested by the BMV

Failure to comply initiates the BMV's suspension process.

## INSURANCE OR BOND—WHAT'S BEST?

By understanding the difference between auto insurance and the limited protection of an FR bond, you can determine what's best for you.

Auto liability insurance covers you when found at-fault in a crash, up to the limits of the policy. It pays for injuries to others and damage to their property. Other auto insurance coverages to consider include: medical payments, collision, comprehensive, and uninsured/underinsured motorists. Insurance coverage typically applies to others who drive your car with permission. For more information, see OII's "Auto Insurance" *Fact Pak* brochure at <http://bit.ly/2m7VX4g>.

An FR/SR 22 bond also satisfies the law but only applies to the individual purchasing the bond. Bonds are written at the minimum FR liability limits, which may or may not provide adequate protection based on your particular financial situation. It does not include comprehensive insurance coverage and will not pay for damages to your own vehicle.