

An FR bond also satisfies the law but only applies to the individual purchasing the bond. Bonds are written at the minimum FR limits, which in most cases, will not provide adequate protection in today's economy. There are two types of bonds: recourse and nonrecourse. Recourse bonds, which are less expensive, allow the insurer to recoup any money paid out in claims from the bondholder. With a nonrecourse bond, your insurer cannot seek reimbursement from you for any claims it pays.

WHY HAVE AN FR LAW?

If you've ever been involved in a crash with an uninsured motorist, you might question why Ohio doesn't mandate that all drivers carry insurance. Drivers in the Buckeye state maintain auto insurance premiums that are about \$104 lower than the US average, based on 2001 premiums.

Many states that require drivers to carry insurance have rates that are higher than Ohio's. Often the premiums of good drivers in compulsory insurance states subsidize the cost of insurance for high-risk drivers. FR laws allow you to pay for insurance based on your driving record. In other words, responsible drivers are not penalized for the actions of the irresponsible ones.

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.

FR RANDOM VERIFICATION PROCESS

The FR random verification program is the most recent step in ensuring greater compliance with the state's FR law. This process, which went into effect in December 1998, involves mailing letters to a random selection of 5% of Ohio's registered vehicle and noncommercial truck owners.

The random verification mail-in program provides the recipient 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: their auto insurance policy's declaration page, their insurance ID card or their authorized FR bond.

- If not provided, the BMV then 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 42 days prior to the suspension date.

According to the Ohio Department of Public Safety, motorists are given up to 90 days to provide FR proof.

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. Mail the information to: BMV, P.O. Box 1219, Ravenna, OH 44266. Additional assistance is available by calling 800-636-9825 or online at www.bmv.ohio.gov/FR_Requirements.html.

FILING AN OPTIONAL CRASH REPORT

If involved in a crash causing injury or death, or damages exceeding \$400, consider filing a Motor Vehicle Crash Report with the Ohio BMV if you suspect the other parties were uninsured. This is optional and can be submitted within six months of the accident. If a report is filed, the other driver will be required to provide FR proof to the BMV. This report is different from the one taken by law enforcement at the crash scene. Crash report forms are available from the Ohio Highway Patrol or your insurer. Or download it from the BMV's Web site at www.bmv.ohio.gov/3303.pdf.

● FOR MORE INFORMATION ●

OII offers free consumer brochures covering a variety of homeowners and auto insurance issues, consumer safety tips and insurance laws. Or visit our Web site for a variety of consumer related materials available for downloading at www.ohioinsurance.org.

Online version of **Ohio's FR Law** available at www.ohioinsurance.org/consumers/fact_pak.asp.



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OHIO'S FINANCIAL RESPONSIBILITY LAW



Ohio's financial responsibility (FR) law governing vehicle owners and operators was enacted in 1953. The purpose of the FR law is to assure compensation to victims when injuries or damages are sustained in a crash. Ohio does not have a pure compulsory insurance law, which would mandate the purchase of auto insurance. Ohio motorists are required to sign a form acknowledging financial responsibility upon application for both new or renewed drivers licenses and license plates.

ABOUT THE LAW

Ohio's FR law applies to:

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

There are several ways to meet the requirements of the FR law, and only one of the following is needed:

- **Auto liability insurance.** If you choose to comply through insurance, your insurer will provide an insurance ID card that indicates FR requirements have been met.
- **Surety bond of \$30,000** issued by an authorized surety or insurance company
- **Certificate issued by the Ohio Bureau of Motor Vehicles (BMV) indicating that money or government bonds in the amount of \$30,000** is on deposit with the Treasurer of the State
- **Certificate issued by the Ohio BMV showing a bond secured by real estate having equity of at least \$60,000**
- **Certificate of self-insurance**, available to those with more than 25 vehicles registered in their name or a company's name

Proof of FR is required if you are:

- Stopped for a moving violation, a vehicle safety inspection or involvement in a traffic accident
- Involved in a crash causing injury, death or more than \$400 in property damage and the BMV requests FR proof due to the filing of a Motor Vehicle Crash Report

- Involved in a violation requiring a court appearance
- When contacted by mail through the Ohio BMV random FR verification program

One method of proving FR is an "auto insurance identification" card. It's provided by your insurer upon issuance or renewal of a policy. Your ID card should be kept in a safe, accessible location in the vehicle.

Although motorists aren't mandated by law to buy insurance, most Ohioans choose to satisfy the FR law by purchasing an auto liability insurance policy, which covers bodily injury and property damage claims made against you. Liability insurance does not cover injury or property damage to you or your vehicle—it covers such losses caused to others if you are found at-fault in a crash.

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

- **Bodily injury liability limits:** \$12,500 per person and \$25,000 per accident
- **Property damage liability limit:** \$7,500 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 losses. For more information on UM/UIM coverage go to www.ohioinsurance.org/newsroom/um-uim.asp.

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.

PENALTIES FOR FR LAW VIOLATION

Penalties for FR law violation depend on the number of offenses within a five-year period. The following chart provides the penalties that are currently in effect:



CURRENT FR LAW PENALTIES

- Lose drivers license for 90 days to two years.
- Petition the court for limited driving privileges.
- License plate and vehicle registration suspension
- Drivers license reinstatement fees of \$75–\$500.
- Requirement to obtain auto insurance (SR 22 or bond). If violator cancels or nonrenews it within the monitoring period (either three or five years), your insurer will notify the BMV.
- Vehicle immobilization and confiscation of plates for 30–60 days for violating FR suspension. Third and subsequent offenses may mean vehicle forfeiture and a five-year moratorium on vehicle registrations.

NOTE: 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.

WAYS TO PROVE FR

When a law enforcement officer 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 when you pay 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 compliance method is best for you.

Auto liability insurance covers you when found at-fault in a crash. It pays for injuries to others and damage to their property. Other auto insurance coverages include: medical payments, collision, other than collision (comprehensive), and uninsured/underinsured motorists coverages. Insurance coverage typically applies to others who drive your car with permission. For more information on auto insurance coverages, see OII's "Auto Insurance" Fact Pak brochure.