



**SENATE BILL 1667**

By Powers

AN ACT to amend Tennessee Code Annotated, Title 29;  
Title 55 and Title 56, relative to motor vehicle  
financial responsibility.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-12-211, is amended by adding the following new subsection:

(d)

(1) The department of revenue or a county clerk shall not process an application for initial issuance or renewal of registration of a motor vehicle after the owner of the motor vehicle becomes subject to issuance of a notice under § 55-12-210(a) until the applicant provides documentation pursuant to subdivision (a)(3). If the applicant elects to use a policy of insurance and financial responsibility insurance certificate as proof of financial security under subdivision (a)(3)(A), then the documentation must state that the policy will be in force for a period of not less than thirty (30) days.

(2) For purposes of this subsection (d), an owner of a motor vehicle becomes subject to issuance of a notice under § 55-12-210(a) if the department has included a designation in the Tennessee Vehicle Title and Registration System (VTRS) database or other database available to county clerks that identifies there is evidence based on either the IICMVA model or the full book of business download process described in § 55-12-207 that the motor vehicle is not insured and the department has not issued a notice under § 55-12-210(a) to the owner of the motor vehicle.

SECTION 2. Tennessee Code Annotated, Section 55-12-210(a)(2), is amended by deleting "twenty-five-dollar coverage failure fee" and substituting instead "five-hundred-dollar coverage failure fee" and by deleting "The notice described in subdivision (a)(1)" and substituting instead "Subject to subsection (h), the notice described in subdivision (a)(1)".

SECTION 3. Tennessee Code Annotated, Section 55-12-210(b)(1)(A), is amended by deleting the subdivision and substituting instead:

(A) Impose on the owner of the motor vehicle a five-hundred-dollar coverage failure fee. Of this fee, two hundred dollars (\$200) must be distributed to the county clerk of the county in which the motor vehicle is registered, fifty dollars (\$50.00) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and must not revert to the county general fund at the end of the budget year if unexpended, and the remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit.

SECTION 4. Tennessee Code Annotated, Section 55-12-210(b)(2), is amended by deleting the language "one hundred-dollar continued coverage failure fee" and substituting instead the language "one thousand-dollar continued coverage failure fee".

SECTION 5. Tennessee Code Annotated, Section 55-12-210(c)(1), is amended by deleting the subdivision and substituting instead:

(1) Shall impose on the owner of the motor vehicle a one thousand-dollar continued coverage failure fee, which is in addition to the coverage failure fee imposed under subdivision (b)(1)(A). Of this continued coverage failure fee, four hundred dollars

(\$400) must be distributed to the county clerk of the county in which the motor vehicle is registered, one hundred dollars (\$100) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and must not revert to the county general fund at the end of the budget year if unexpended, and the remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit.

SECTION 6. Tennessee Code Annotated, Section 55-12-210, is amended by adding the following as a new subsection:

(h)

(1) If an owner of a motor vehicle becomes subject to issuance of a second or subsequent notice as described in subsection (a) within three (3) years from the date of the first notice the department issued to the owner under subsection (a), then the only fee imposed under this section is a one thousand five hundred-dollar repeated coverage failure fee. In lieu of the statement described in subdivision (a)(2), the notice described in subdivision (a)(1) must include a statement that if the owner of the motor vehicle fails to comply with the requirements set forth in the notice, the owner of the motor vehicle is subject to a one thousand five hundred-dollar repeated coverage failure fee and suspension or revocation of the owner's motor vehicle registration. The department shall not provide a request for information under subdivision (a)(3) or notices under subsections (b) and (c) to owners who become subject to such second and subsequent notices. The notice described in subdivision (a)(1), which includes

the statement described in this subdivision (h)(1), and the notice described in subdivision (h)(2)(C) are the only two (2) notices required to be provided to such owners.

(2) If the owner of the motor vehicle fails to provide satisfactory proof or a statement as described in subsection (a), then the department of revenue:

(A) Shall impose on the owner of the motor vehicle a one thousand five hundred-dollar (\$1,500) repeated coverage failure fee. Of this repeated coverage failure fee, six hundred dollars (\$600) must be distributed to the county clerk of the county in which the motor vehicle is registered, one hundred fifty dollars (\$150) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and must not revert to the county general fund at the end of the budget year if unexpended, and the remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit;

(B) Shall suspend or revoke the motor vehicle owner's registration; and

(C)

(i) Shall provide notice to the motor vehicle owner of the legal consequences of operating a motor vehicle with a suspended or revoked registration and without owner or operator's

proof of financial security as required by this chapter, and instructions on how to effect the reinstatement of the motor vehicle owner's registration; or

(ii) May direct a designated agent to provide the notice and instructions described in this subdivision (h)(2)(C).

SECTION 7. The Department of Revenue shall publicize the changes made to the James Lee Atwood Jr. Law in SECTIONS 1 through 6.

SECTION 8. Tennessee Code Annotated, Section 55-12-207, is amended by deleting the language "a full book of business by the seventh day of each calendar month" in subsection (a) and substituting instead the language "a full book of business on a weekly basis" and by inserting the language ", including daily" at the end of subdivision (b)(2) after the language "frequent reporting".

SECTION 9. Tennessee Code Annotated, Title 29, is amended by adding the following as a new chapter:

**29-44-101.**

Except as provided in this chapter, a plaintiff shall not be awarded noneconomic damages, as defined in § 29-39-101, in a civil action for bodily injury, property damage, or death arising out of the use or operation of a motor vehicle if the plaintiff is the owner or operator of a motor vehicle that was not in compliance with the financial responsibility requirements of title 55, chapter 12, part 1 at the time of the use or operation. If the plaintiff is awarded economic damages, as defined in § 29-39-101, in the civil action, then the plaintiff must be assessed and held liable for all court costs incurred by all parties to the action. A defendant in the civil action may assert as an affirmative defense the limitation of recovery in this section.

**29-44-102.**

The limitation of recovery in § 29-44-101 does not apply if the defendant who is the operator of the motor vehicle causing the injury, damage, or death:

(1) Was cited for driving while under the influence of an intoxicant in violation of § 55-10-401 or reckless driving or aggravated reckless driving in violation of § 55-10-205 or § 55-10-209 as a result of the use or operation of the vehicle and is subsequently convicted of or pleads nolo contendere to the offense;

(2) Acted with the intent to inflict the injury, damage, or death;

(3) Failed to stop at the scene of an accident in violation of § 55-10-101;

or

(4) Was in furtherance of the commission of a felony offense under state or federal law.

**29-44-103.**

(a) This chapter does not preclude a passenger in a motor vehicle from asserting a claim to recover noneconomic damages in a civil action for bodily injury, property damage, or death that the passenger incurred, in whole or in part, by the acts or omissions of another person arising out of the operation or use of a motor vehicle.

(b) Subsection (a) does not apply to a passenger who is also the owner of the motor vehicle at the time of the use or operation and who was not in compliance with the financial responsibility requirements of title 55, chapter 12, part 1 at the time of the use or operation.

**29-44-104.**

Notwithstanding a law to the contrary, an insurer does not lose any rights of subrogation for claims paid under the applicable insurance policy for the recovery of noneconomic damages.

**29-44-105.**

This chapter applies to civil actions filed on or after the effective date of this act.

SECTION 10. In consultation with the Departments of Safety and Revenue, the Department of Transportation is authorized to use the Department's existing permanent electronic overhead informational displays located on the interstate system to provide periodic messages to the motoring public as to the requirement of financial responsibility under Tennessee Code Annotated, Title 55, Chapter 12, Part 1 for all motor vehicles operated on public highways in this state. The Department may develop guidelines for the content, length, and frequency of any message to be placed on the displays.

SECTION 11. Sections 1 through 8 take effect July 1, 2027, the public welfare requiring it. All remaining sections of this act take effect upon becoming a law, the public welfare requiring it.

Massey  
Signature of Sponsor

**AMEND Senate Bill No. 1667\***

**House Bill No. 1690**

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 55, Chapter 4, Part 1, is amended by adding the following as a new section:

(a) The commissioner or a county clerk shall not process an application for initial issuance of registration of a motor vehicle unless the vehicle has met the requirements of this section and the Financial Responsibility Law of 1977, compiled in chapter 12, part 1 of this title.

(b) Submission of the following items constitutes satisfactory proof that a vehicle has met the requirements of the Financial Responsibility Law of 1977, as required by subsection (a):

(1) Documentation, such as the declaration page of an insurance policy, an insurance binder, or an insurance card from an insurance company authorized to do business in this state, whether in paper or electronic format, stating that a policy of insurance meeting the requirements of the Financial Responsibility Law of 1977 has been issued and will be in force for a period of not less than thirty (30) days; or

(2) A certificate, valid for one (1) year, issued by the commissioner of revenue, stating that:

(A) A cash deposit or bond in the amount required by the Financial Responsibility Law of 1977 has been paid or filed with the commissioner of revenue; or

(B) The driver has qualified as a self-insurer under § 55-12-111.

(c) For purposes of this section, acceptable electronic formats include display of electronic images on a cell phone or another type of portable electronic device.

(d)

(1) Every registration and renewal of registration must be accompanied by a notice stating vehicle owners and/or operators are required to carry proof of financial responsibility pursuant to the Financial Responsibility Law of 1977, compiled in chapter 12, part 1 of this title.

(2) The notice required by subdivision (d)(1) may be incorporated into any other notice required by this part to accompany the registration and renewal of registration.

(e) This section is repealed on June 30, 2029.

SECTION 2. Tennessee Code Annotated, Section 55-12-211, is amended by adding the following new subsection:

(d)

(1) The department of revenue or a county clerk shall not process an application for renewal of registration of a motor vehicle after the motor vehicle's registration has been issued a notice pursuant to § 55-12-210(b)(1)(B) until the owner or lessee of the motor vehicle pays all fees owed pursuant to § 55-12-210 and the owner or lessee provides documentation pursuant to subdivision (a)(3).

(2) If the owner or lessee of the motor vehicle elects to use a policy of insurance and financial responsibility insurance certificate as proof of financial security under subdivision (a)(3)(A), then the documentation must state that the policy will be in force for a period of not less than thirty (30) days.

SECTION 3. Tennessee Code Annotated, Section 55-12-210(a)(2), is amended by deleting "twenty-five-dollar coverage failure fee" and substituting instead "five-hundred-dollar coverage failure fee" and by deleting "The notice described in subdivision (a)(1)" and substituting instead "Subject to subsection (h), the notice described in subdivision (a)(1)".

SECTION 4. Tennessee Code Annotated, Section 55-12-210(b)(1)(A), is amended by deleting the subdivision and substituting instead:

(A) Impose on the owner or lessee of the motor vehicle a five-hundred-dollar coverage failure fee. Of this fee, two hundred dollars (\$200) must be distributed to the county clerk of the county in which the motor vehicle is registered, fifty dollars (\$50.00) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and for other usual and necessary insurance verification related expenses in the discretion of the county clerk. The clerk shall preserve these funds exclusively for these purposes, and these funds must not revert to the county general fund at the end of the budget year if unexpended. The remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit.

SECTION 5. Tennessee Code Annotated, Section 55-12-210(b)(2), is amended by deleting the language "one hundred-dollar continued coverage failure fee" and substituting instead the language "one thousand-dollar continued coverage failure fee".

SECTION 6. Tennessee Code Annotated, Section 55-12-210(c)(1), is amended by deleting the subdivision and substituting instead:

(1) Shall impose on the owner or lessee of the motor vehicle a one-thousand-dollar continued coverage failure fee, which is in addition to the coverage failure fee imposed under subdivision (b)(1)(A). Of this continued coverage failure fee, four hundred dollars (\$400) must be distributed to the county clerk of the county in which the motor vehicle is registered, one hundred dollars (\$100) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the

revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and for other usual and necessary insurance verification related expenses in the discretion of the county clerk. The clerk shall preserve these funds exclusively for these purposes, and these funds must not revert to the county general fund at the end of the budget year if unexpended. The remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit.

SECTION 7. Tennessee Code Annotated, Section 55-12-210, is amended by adding the following as a new subsection:

(h)

(1) If a motor vehicle is subject to issuance of a subsequent notice as described in subsection (a) within three (3) years from the date of the first notice the department issued to the owner or lessee of that motor vehicle under subsection (a), then the only fee imposed under this section is a one thousand five hundred-dollar repeated coverage failure fee. In lieu of the statement described in subdivision (a)(2), the notice described in subdivision (a)(1) must include a statement that if the owner or lessee of the motor vehicle fails to comply with the requirements set forth in the notice, the owner or lessee is subject to a one-thousand-five-hundred-dollar repeated coverage failure fee and suspension or revocation of the motor vehicle registration. The department shall not provide notices under subsections (b) and (c) to owners or lessees who become subject to such subsequent notices. The request for information under subdivision (a)(3), the notice described in subdivision (a)(1), which includes the statement described in this subdivision (h)(1), and the notice described in subdivision (h)(2)(C) are the only three (3) notices required to be provided.

(2) If the owner or lessee of the motor vehicle fails to provide satisfactory proof or a statement as described in subsection (a), then the department of revenue:

(A) Shall impose on the owner or lessee of the motor vehicle a one-thousand-five-hundred-dollar repeated coverage failure fee. Of this repeated coverage failure fee, six hundred dollars (\$600) must be distributed to the county clerk of the county in which the motor vehicle is registered, one hundred fifty dollars (\$150) must be distributed to the department of safety, and the remainder must be deposited into the uninsured motorist identification restricted fund created in § 55-12-213. Twenty percent (20%) of the revenue distributed to the county clerk must be earmarked for the county clerk's work in administration of the vehicle insurance verification program and for other usual and necessary insurance verification related expenses in the discretion of the county clerk. The clerk shall preserve these funds exclusively for these purposes, and these funds must not revert to the county general fund at the end of the budget year if unexpended. The remainder of the revenue distributed to the county clerk must be retained by the clerk and handled in the same manner as all other fees collected by the clerk for the clerk's benefit;

(B) Shall suspend or revoke the motor vehicle registration; and

(C)

(i) Shall provide notice to the motor vehicle owner or lessee of the legal consequences of operating a motor vehicle with a suspended or revoked registration and without the owner's or lessee's proof of financial security as required by this chapter,

and instructions on how to effect the reinstatement of the motor vehicle registration; or

(ii) May direct a designated agent to provide the notice and instructions described in this subdivision (h)(2)(C).

SECTION 8. The Department of Revenue shall publicize the changes made in SECTIONS 1 through 7.

SECTION 9. Tennessee Code Annotated, Section 55-12-207, is amended by deleting the section and substituting instead:

(a) Except as provided in §§ 55-12-209(f) and 55-12-206(7), each automobile liability insurer shall utilize the IICMVA model.

(b) Each automobile liability insurer shall also provide to the department of revenue, or its designated agent, a full book of business on a weekly basis.

(c) Subsection (b):

(1) Does not preclude an automobile liability insurer from more frequent reporting, including daily; and

(2) Does not apply if the policy covers a motor vehicle that is registered as a vehicle of a political subdivision or of this state, or as a vehicle registered pursuant to § 55-4-122 or § 55-4-502.

(d)

(1) The full book of business provided pursuant to subsection (b) must include:

(A) The vehicle identification number of each insured motor vehicle; and

(B) The automobile liability insurer's NAIC code, policy number, and effective date of each policy.

(2) Each automobile liability insurer that is required to submit its full book of business as described in subsection (b) shall transmit the information by either

electronic means or by another means of transmission acceptable to the department of revenue or its designated agent.

SECTION 10. Tennessee Code Annotated, Section 55-12-205(3), is amended by deleting the subdivision and substituting instead:

(3) In an effort to confirm the liability insurance status of a motor vehicle in instances where the program is unable to verify the liability insurance status, require automobile liability insurers that utilize the IICMVA model to:

(A) Accept unknown carrier requests; or

(B) Provide upon request a full book of business as described in § 55-12-207, current to the date of the request. The information in this subdivision (3)(B) must be requested no more frequently than weekly.

SECTION 11. Tennessee Code Annotated, Section 55-12-208, is amended by deleting the section.

SECTION 12. Tennessee Code Annotated, Section 55-12-203(4), is amended by deleting "§ 55-12-207(c)(1)" and substituting instead "§ 55-12-207(d)(1)".

SECTION 13. Tennessee Code Annotated, Section 29-39-102, is amended by adding the following as a new subsection:

(o)

(1) Notwithstanding subsections (a)-(e), noneconomic damages awarded to a plaintiff in a civil action for injury or death arising out of the use or operation of a motor vehicle shall not exceed three hundred seventy-five thousand dollars (\$375,000) only if all of the following are established:

(A) The plaintiff seeking noneconomic damages is the owner or lessee of the motor vehicle involved in the collision giving rise to the civil action;

(B) The motor vehicle owned or leased by the plaintiff and involved in the collision was not covered or otherwise in compliance with

the financial responsibility requirements of title 55, chapter 12, part 1, at the time of the collision; and

(C) The department of revenue or county clerk issued not fewer than three (3) separate written notices of noncompliance to the owner or lessee of the specific motor vehicle described in subdivision (o)(1)(B) under § 55-12-210 within the three-year period preceding the collision advising that the specific motor vehicle was not covered or otherwise in compliance with the financial responsibility requirements of title 55, chapter 12, part 1.

(2) The limitations described in this subsection (o) apply only to the owner or lessee of a motor vehicle involved in a collision and do not apply to:

(A) An operator of a motor vehicle who is not the owner or lessee of the motor vehicle and who is operating the motor vehicle with the permission of the owner or lessee;

(B) A passenger, other than the owner or lessee, in the motor vehicle;

(C) A plaintiff whose alleged noncompliance with the financial responsibility requirements arises from the ownership or operation of a motor vehicle other than the motor vehicle involved in the collision giving rise to the civil action; or

(D) A plaintiff whose claim does not arise from the operation of the motor vehicle described in subdivision (o)(1)(B).

(3) If a catastrophic loss or injury exists, then the three-hundred-seventy-five-thousand-dollar limit in noneconomic damages under subdivision (o)(1) is increased to seven hundred fifty thousand dollars (\$750,000).

(4) In an action for wrongful death, this subsection (o) applies only if the decedent was the owner or lessee of the motor vehicle involved in the collision, and the conditions set forth in subdivisions (o)(1)(B) and (C) are met.

(5) A defendant asserting the limitation provided in this subsection (o) must plead it as an affirmative defense and bears the burden of proving each statutory prerequisite.

(6) This subsection (o) must be strictly construed and applies to civil actions filed on or after the effective date of this act.

SECTION 14. Tennessee Code Annotated, Section 29-39-102, is amended by deleting "The limitation on the amount of noneconomic damages imposed by subdivision (a)(2) and subsections (b)-(e) shall not" in subsections (g) and (h) and substituting instead "The limitations on the amount of noneconomic damages imposed by subdivision (a)(2) and subsections (b)-(e) and (o) shall not".

SECTION 15. Tennessee Code Annotated, Section 29-39-103, is amended by adding the following as a new subsection:

(d) In a civil action for injury or death arising out of the use or operation of a motor vehicle, if the plaintiff claims that the plaintiff was in compliance with the financial responsibility requirements of title 55, chapter 12, part 1, at the time of the use or operation of the motor vehicle, and if there is a disputed issue of fact regarding whether the plaintiff was in such compliance, then the trier of fact must make a specific finding of fact, by special verdict, as to whether the plaintiff was in compliance with the financial responsibility requirements of title 55, chapter 12, part 1.

SECTION 16. Tennessee Code Annotated, Title 56, Chapter 1, Part 1, is amended by adding the following as a new section:

**56-1-111.**

Beginning January 1, 2027, and ending December 31, 2028, the department shall issue a data call every six (6) months to each insurer authorized to write

automobile liability insurance business in this state requesting aggregated data on automobile liability policies that were issued and subsequently cancelled within sixty (60) days of issuance either at the policyholder's request or due to failure to remit premium.

SECTION 17. In consultation with the Departments of Safety and Revenue, the Department of Transportation is authorized to use the Department's existing permanent electronic overhead informational displays located on the interstate system to provide periodic messages to the motoring public as to the requirement of financial responsibility under Tennessee Code Annotated, Title 55, Chapter 12, Part 1 for all motor vehicles operated on public highways in this state. The Department may develop guidelines for the content, length, and frequency of any message to be placed on the displays.

SECTION 18. Sections 1 through 15 take effect July 1, 2027, the public welfare requiring it. All remaining sections of this act take effect upon becoming a law, the public welfare requiring it.