

information provided by the state agencies and the insurers to determine which registered vehicles lack insurance coverage. The contractor is responsible for providing vehicle owners who lack insurance with two notices informing them that their registration will be revoked if they fail to obtain coverage within 15 days.

The Department of Safety would revoke, in compliance with the Uniform Administrative Procedures Act, registrations of vehicle owners who

- have been convicted of operating a registered motor vehicle in violation of financial responsibility laws,
- are under an administrative action taken by the department of safety for operating a registered motor vehicle in violation of the financial responsibility requirements,
- have failed to provide satisfactory proof of owner's or operator's security to the contractor after the second notice, or
- provided a false or fraudulent statement to the department or the contractor.

Background:

The Tennessee Financial Responsibility Law of 1977 requires that all vehicles registered in the state have adequate insurance or other proof of coverage, however, an estimated 1.1 million (21%) of the state's 5.5 million motor vehicles are operated by uninsured motorists. According to a 2006 briefing paper by the Comptroller's Offices of Research and Education Accountability, *An Analysis of Tennessee's Motor Vehicle Liability Insurance Limits*, most southern states take "a more preemptive approach to financial responsibility and require proof of insurance at vehicle registration, when an accident occurs, and at all times in the vehicle. Ten southern states require proof of insurance at registration of a vehicle as a means to prevent uninsured vehicles, Tennessee does not."

Step 1. Define the Problem

What is the most effective and efficient way to ensure that drivers are held accountable for covering the costs of any financial losses they cause?

Step 2. Assemble Some Evidence

- Review referred legislation
 - Review House Bill 2457 and related statutes to determine what the bill does.
 - Review committee hearing on the bill and summarize comments and concerns of committee members, the bill sponsor, and others speaking for or against the bill.
 - Interview the sponsor, bill proponents, and other stakeholders to determine what is driving this issue.

- Review the fiscal note. Consult with Fiscal Review Committee staff and follow up with agencies submitting support forms to determine the estimated cost and the method and rationale for the estimates.
- Review similar bills from the past several general assemblies to identify related issues.
- Review motor vehicle insurance compliance registries and options in other states.
- Review literature and seek opinions of subject matter experts.

Step 3. Construct Alternatives

Alternatives will be based on

- current law
- proposed changes to the current law, and
- any additional alternatives drawn from the research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

Step 4. Select Criteria

- Cost to
 - the state,
 - local governments,
 - individuals, and
 - insurance providers.
- Effectiveness at ensuring drivers are held accountable for cost of financial losses they cause
- Estimate receptiveness of
 - state agencies,
 - local governments,
 - insurance providers, and
 - others.

Step 5. Project Outcomes

- Estimate cost
- Estimate effectiveness
- Estimate the acceptability to state agencies, local governments, insurance providers, and others

Step 6. Confront Trade-offs

- How will the differences between the current law and the other alternatives affect the public?
- What are the pros and cons of the potential solutions?

Step 7. Decide which alternatives to present to the Commission

Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem

Step 8. Produce the Draft Report

Develop and present a draft for review and comment to the Commission

Revisit Steps 5-8.

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives
- Revise and edit the draft to reflect comments of the Commission
- Submit final report to the Commission for approval

