

HB 1558-FN - AS INTRODUCED

2026 SESSION

26-2850

06/08

HOUSE BILL            ***1558-FN***

AN ACT                requiring proof of insurance or adequate financial responsibility for vehicle registration.

SPONSORS:            Rep. Vandecasteele, Rock. 25; Rep. Nagel, Belk. 6; Rep. L. Walsh, Rock. 15; Rep. Ball, Rock. 25

COMMITTEE:          Commerce and Consumer Affairs

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ANALYSIS

This bill establishes a requirement to provide proof of financial responsibility at the time of motor vehicle registration and authorizes immediate suspension of license and registration for failure to produce such proof upon lawful request.

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Explanation:        Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty-Six*

AN ACT requiring proof of insurance or adequate financial responsibility for vehicle registration.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 Purpose. The general court finds that while New Hampshire does not require every driver to  
2 maintain automobile insurance, RSA 264:3 requires that all drivers be financially responsible for  
3 damages caused by their operation of a motor vehicle. Current law enforces this requirement only  
4 after an accident has occurred. To protect responsible motorists and the public, this act requires  
5 that drivers demonstrate proof of financial responsibility at the time of vehicle registration. This  
6 maintains individual choice while ensuring that no motorist operates a vehicle without the ability to  
7 pay for damages.

8 2 New Sections; Motor Vehicles; Financial Responsibility; Proof Required at Registration.  
9 Amend RSA 264 by inserting after section 2 the following new sections:

10 264:2-a Proof of Financial Responsibility Required at Registration.

11 I. No motor vehicle shall be registered in this state unless the applicant provides one of the  
12 following to the division of motor vehicles:

13 (a) Proof of a motor vehicle liability insurance policy in effect which meets the minimum  
14 coverage limits established in RSA 264:20; or

15 (b) A certificate of deposit, surety bond, or other evidence of financial responsibility in an  
16 amount not less than the minimum liability limits set forth in RSA 264:20, filed with the state  
17 treasurer and verified to the division of motor vehicles.

18 II. The division shall record such proof at the time of registration and shall adopt rules  
19 pursuant to RSA 541-A for implementation.

20 3 New Section; Suspension for Lack of Proof. Amend RSA 264 by inserting after section 3 the  
21 following new section:

22 264:3-a Suspension for Lack of Proof.

23 I. Any person operating a motor vehicle who, upon lawful request by a law enforcement  
24 officer, fails to produce evidence of financial responsibility as required by RSA 264:2-a shall have  
25 their driver's license and registration privileges suspended immediately by the division of motor  
26 vehicles.

27 II. Such suspension shall remain in effect until the person provides proof of financial  
28 responsibility in compliance with RSA 264:2-a, or until all claims and judgments arising from the  
29 accident have been satisfied in accordance with RSA 264:3.

**HB 1558-FN - AS INTRODUCED**

**- Page 2 -**

1           III. The division of motor vehicles shall adopt rules pursuant to RSA 541-A for  
2 administration and enforcement of this section.

3           4 Effective Date. This act shall take effect January 1, 2027.

**HB 1558-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT requiring proof of insurance or adequate financial responsibility for vehicle registration.

**FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.**

| <b>Estimated State Impact</b> |  |                       |                                       |                       |
|-------------------------------|--|-----------------------|---------------------------------------|-----------------------|
|                               | <b>FY 2026</b>   | <b>FY 2027</b>        | <b>FY 2028</b>                        | <b>FY 2029</b>        |
| <b>Revenue</b>                | \$0  | \$200,000<br>Increase | \$300,000<br>Increase                 | \$400,000<br>Increase |
| <i>Revenue Fund(s)</i>        | General Fund   |                       |                                       |                       |
| <b>Expenditures*</b>          | \$0  | \$581,000             | Indeterminable<br>\$300,000+ Per Year |                       |
| <i>Funding Source(s)</i>      | Restricted - Highway Fund Cost of Collections - Per the state constitution, costs associated with the collection/administration of highway fund revenue by the Department of Safety is deducted prior to funds being credited as unrestricted highway fund revenue |                       |                                       |                       |
| <b>Appropriations*</b>        | \$0  | \$0                   | \$0                                   | \$0                   |
| <i>Funding Source(s)</i>      | None   |                       |                                       |                       |

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

**METHODOLOGY:**

This bill establishes a requirement to provide proof of financial responsibility at the time of motor vehicle registration and authorizes immediate suspension of license and registration for failure to produce such proof upon lawful request. This bill will have an impact on both the Department of Safety and insurance premium tax revenue collected by the Insurance Department.

**Department of Safety Impact**

The Department of Safety states this bill requires individuals to demonstrate financial responsibility before registering a motor vehicle. Currently, state law requires financial responsibility only after an accident happens. Applicants for registration must provide the Division of Motor Vehicles (DMV) proof of liability insurance meeting the minimum coverage limits under RSA 264:20. Alternatively, financial documentation in the form of a certificate of deposit, surety bond, or other evidence of financial responsibility can be filed with the state treasurer. Drivers who fail to produce financial responsibility upon lawful request may have their license and registration privileges suspended immediately. Suspension remains in effect

until proof is provided, or all claims and judgements related to an accident are satisfied. Authority is granted to DMV to develop and adopt rules for this new section. The Department has provided the following information relating to determining the fiscal impact associated with this bill:

#### Implementation Considerations

- DMV currently manages financial responsibility through the SR22 process. This is a manual workflow involving receipt of policies and cancellations via mail, fax, and email. A report was run for active policies going back three years. This report shows that DMV maintains approximately 9,200 SR22 policies. On average, 50-100 policy transactions are received and done daily, requiring 1-2 full-time staff for processing. This processing time is 3-5 business days from receipt of the policy in its office.
- As of October 2025, there are approximately 1.4 million registered motor vehicles in New Hampshire. Applying financial responsibility verification to all registrations would represent a significant increase in workload.

#### Enforcement Process

Under current law, law enforcement may issue a citation for either fine assessment or mandatory court appearance (to include a court, date, and time) using Form DSMV 428, Uniform Motor Vehicle Summons. For fine assessments, defendants have 30 days to enter a plea or pay. If no plea is received, the citation enters default status, incurring a \$50 administrative fee in addition to the original fine. If no plea is received 30 days after default, the defendant's license and registration privileges are suspended, and restoration fees apply.

Currently, law enforcement cannot issue an immediate suspension of license or registration privileges. The only mechanism available is submission of Form DSMV 384, Request for Administrative Action, which prompts a review of the driver's record and is accompanied by a narrative as to why this person poses a threat to public safety. The director may act, which could include immediate suspension, request for hearing, or full driving retest.

If this bill is passed, a new reporting mechanism would need to be developed for law enforcement to identify and report violations specific to the financial responsibility requirement.

#### Cost-related Assumptions

Staffing Needs: A program oversight position (SOC 13-03) would be required to manage intake and compliance like existing programs within DMV that oversee court convictions and crash records. An additional three (3) support staff (SOC 43-03) would be needed to process documentation and maintain records.

System Modernization: The current DMV systems are not equipped for large-scale, real-time verification of insurance or financial policies. Significant changes would be required to record proof at registration, interface with insurers or financial institutions and support enforcement and suspension actions.

Law Enforcement Integration: A new reporting mechanism would be necessary to allow enforcement to identify and report violations of this specific statute. Training and procedural updates would be required for law enforcement and DMV staff.

Municipal Impact: Training for Municipal Agents to ensure consistent application of new requirements. While no direct fiscal impact liability is imposed on municipalities, there may be operational impacts related to increased transaction time, customer inquiries, and training needs. Public outreach and education to inform residents of the change and avoid delays or confusion at the time of registration.

The bill would expand DMV responsibilities and require new infrastructure to verify and enforce financial responsibility at the time of registration. The fiscal impact includes personnel, system upgrades, and procedural development. The assumptions are based on current SR22 processing volumes, enforcement procedures, and the total number of registered vehicles in the state. Below is a summary of the anticipated costs for the DMV:

| <b>Description</b>  | <b>FY 2027</b>   | <b>FY 2028</b>        | <b>FY 2029</b>        |
|---|------------------|-----------------------|-----------------------|
| System maintenance, vendor contract management, and interface updates | \$288,000        | Indeterminable        | Indeterminable        |
| DMV Staffing Costs  | \$293,000        | \$293,000             | \$306,000             |
| <b>Total</b>  | <b>\$581,000</b> | <b>Indeterminable</b> | <b>Indeterminable</b> |

**Insurance Department (Premium Tax) Impact**

According to data published by the Insurance Information Institute dated 2023, 90.0% of autos registered in New Hampshire are covered by insurance. Neighboring states of Massachusetts and Maine have slightly higher rates of covered autos with an average between them of 93.2%. These states have mandatory insurance requirements like what is proposed in this bill. Using this latter value as a reasonable approximation, the Insurance Department estimates a 3.6% increase in covered vehicles in New Hampshire if this bill becomes law. It is unlikely owners of these newly covered autos would choose the same level of insurance as the average policy holder today. The bill requires only liability coverage, and it is likely minimal limits would be selected. To this extent, the Department converted the 3.6% increase in covered autos to a 1.8% increase

in written premium because approximately 50% of auto insurance premium is attributed to liability coverage.

Consistent with future revenue estimates, the Department anticipates an 8% increase in written premiums independent of changes to current law.

|  | FY 2027* | FY 2028 | FY 2029 |
|--|----------|---------|---------|
| Estimated Additional Written Premium (in millions)                       | \$12.9   | \$27.8  | \$30.1  |
| New Hampshire Premium Tax Rate   | 1.25%    | 1.25%   | 1.25%   |
| Estimated Additional Premium Tax (in millions) (product of above values) | \$0.2    | \$0.3   | \$0.4   |

\*Expected additional premium for FY 2027 was reduced by 50% because the proposed legislation would take effect midway through that fiscal year and compliance to the new law would likely be gradual.

**AGENCIES CONTACTED:**

Department of Safety and Insurance Department