



Tip of the Month July 2019

Uninsured Motorists and Loss of Driving Privileges for Civil Judgments

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In Minnesota, failing to insure a car you legally own can lead to a suspended driver's license, even if you are not personally involved in an accident. How?

Minnesota requires licensed drivers to carry auto insurance that includes liability, personal injury protection and uninsured and underinsured motorist coverage. Most people are aware that not doing so can result in a ticket, fines, or possibly even jail time.

However, in addition to criminal penalties, an uninsured car owner can face severe consequences in civil court. If an insured owner, driver, or passenger of a vehicle involved in an accident makes a claim to their insurance company and gets paid money, then that insurance company can sue the uninsured owner of the other vehicle for negligence or other claims resulting from the accident. They can do this even if the uninsured owner of the vehicle was not the individual driving the vehicle.

If the insurance company wins a judgment against the uninsured owner, and the judgment is not satisfied within thirty days, the insurance company can submit an affidavit to the court administrator saying that the judgment has not been satisfied. The court administrator will then notify the commissioner of licensing to suspend the uninsured debtor's driver's license, pursuant to Minn. Stat. 171.182.

What Remedies are Available for Someone Whose Driver's License Has Been Suspended under Minn. Stat. 171.182?

- 1) Vacate the Judgment and Request a New Hearing
 - Was the judgment a default judgment? Lack of insurance coverage is not necessarily an indicator of fault or liability. If the client did not receive notice of the proceedings and has defenses to liability, it may be worth attempting to vacate the judgment.
- 2) Satisfy the Judgment
 - A judgment may be satisfied through payment either in whole or in part, so long as the judgment creditor files a satisfaction of judgment with the court administrator, or the sheriff returns a writ of execution that has been satisfied.
- 3) Discharge the Debt through Bankruptcy
- 4) Establish a Payment Plan
 - A person wishing to reinstate their license can petition the court for a payment plan. Upon receiving a court order or entering into a written agreement with the judgment creditor permitting the payment in installments, the debtor can have their license reinstated.

For most clients who come to VLN clinics, a payment plan is the most practical. Even if the client has a legal basis to vacate a judgment, they would still need to defend the underlying claim. Many low-income individuals do not

have the knowledge or resources to litigate an insurance case on their own. Additionally, few low-income individuals have the means to satisfy a judgment or even negotiate a satisfactory settlement. Always talk through options with your client to get a feel of what remedy makes the most sense for their individual circumstances.

How do I Help a Client Establish a Payment Plan under Minn. Stat. 171.184?

- 1) Provide notice to the creditor by sending a written request for a payment plan in exchange for the reinstatement of driving privileges.
 - If the client receives government assistance based on need or Social Security benefits, include this information in the written request. Let the creditor know that the client is exempt from collection. This may assist in negotiating a payment plan.
- 2) If the creditor accepts the payment plan, make sure the agreement is filed with the court and the commissioner of licensing is notified.
- 3) If the creditor is not willing to accept the payment plan, or wants the client to pay more than they can afford, file a motion in the court where the judgment was rendered asking for an order granting the privilege of paying the judgment in installments.
 - The court has the discretion to set the amount and interval of these installments.

When establishing a payment plan, it is **extremely** important to offer an amount that the client can reasonably expect to pay indefinitely. If the client only has \$20 a month to spare, only offer \$20 a month. Default on an installment as specified by a court order or agreement can result in immediate suspension of an individual's license until a judgment is satisfied in full.

No matter which remedy a client pursues, they will need to provide proof of insurance to reinstate their license, as well as satisfy any conditions that may have been imposed through the criminal courts. This may include paying tickets, court fees, or other fines. Clients should always check with DVS to determine if there are outstanding charges or conditions that would need to be met to reinstate their driving privileges.