

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003

# A Bill

SENATE BILL 406

4  
5 By: Senator Hendren  
6  
7

## For An Act To Be Entitled

9 AN ACT TO REQUIRE INSURANCE COMPANIES TO PROVIDE  
10 THEIR NATIONAL ASSOCIATION OF INSURANCE  
11 COMMISSIONERS' CODE NUMBERS ON AUTOMOBILE PROOF  
12 OF INSURANCE CARDS; TO REPLACE THE REGISTRATION  
13 SUSPENSION PROVISIONS FOR NOT HAVING PROOF OF  
14 INSURANCE FOR THREE (3) CONSECUTIVE MONTHS WITH  
15 PENALTY PROVISIONS; TO IMPOSE A STRICT LIABILITY  
16 CRIMINAL PENALTY FOR FAILING TO CARRY PROOF OF  
17 VEHICLE LIABILITY INSURANCE IN A MOTOR VEHICLE;  
18 TO IMPOSE A CIVIL PENALTY AT THE TIME OF  
19 REGISTRATION OR RENEWAL OF REGISTRATION OF A  
20 VEHICLE FOR HAVING PREVIOUSLY PROVIDED INCORRECT  
21 PROOF OF VEHICLE LIABILITY INSURANCE; AND FOR  
22 OTHER PURPOSES.

## Subtitle

23  
24  
25 AN ACT TO AMEND THE LAWS REGARDING  
26 INFORMATION REQUIRED TO BE SHOWN ON  
27 AUTOMOBILE PROOF OF INSURANCE CARDS AND  
28 TO REPLACE MOTOR VEHICLE LICENSE  
29 REGISTRATION SUSPENSION PROVISIONS WITH  
30 CIVIL AND CRIMINAL PENALTY PROVISIONS.

31  
32  
33 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

34  
35 SECTION 1. Arkansas Code § 23-89-213 is amended to read as follows:  
36 23-89-213. Premium delinquencies.



02202003AAF1559.CDS155

1           (a) All insurance companies authorized to do business in this state  
 2 and issuing automobile liability insurance policies in this state shall  
 3 furnish to the insured a proof of insurance ~~card which shall contain the~~  
 4 ~~following information:~~ card.

5           (b) This proof of insurance card, or any temporary proof of insurance  
 6 issued by the insurance company, shall contain the following information:

7                   (1) The name, address, ~~and~~ telephone number, and National  
 8 Association of Insurance Commissioners' code number of the insurer;

9                   (2) The name and telephone number of the local agent through  
 10 whom the policy was issued, if any, or a blank space where a local agent's  
 11 name may be stamped or filled in;

12                   (3) The policy number;

13                   (4) The effective date of the insurance policy coverage and the  
 14 expiration date of the insurance policy coverage;

15                   (5) The vehicle identification number and a brief description of  
 16 the insured vehicle; and

17                   (6) The name and address of the insured person.

18           (c) At the discretion of the Insurance Commissioner, any person or  
 19 insurance company that violates this section may be subject to the following  
 20 penalties:

21                   (1) Suspension or revocation of the person's or insurer's  
 22 certificate of authority to transact insurance in this state under § 23-63-  
 23 213; or

24                   (2) A monetary penalty in lieu of revocation or suspension as  
 25 provided under § 23-63-213.

26  
 27           SECTION 2. Arkansas Code § 27-13-102 is amended to read as follows:  
 28           27-13-102. Proof of insurance required.

29           (a)(1) Prior to January 1, 1998, no motor vehicle license plate shall  
 30 be issued or renewed without satisfactory proof to the Department of Finance  
 31 and Administration that the applicant meets the requirements of § 27-22-101  
 32 et seq.

33                   (2) Beginning January 1, 1998, no motor vehicle license plate  
 34 shall be issued or renewed unless a check of the Vehicle Insurance Database  
 35 indicates that the applicant meets the requirements of § 27-22-101 et seq. or  
 36 unless the applicant provides satisfactory proof to the department that the

1 applicant's vehicle meets the motor vehicle liability insurance requirements  
2 of § 27-22-101 et seq.

3 (3) No new license plate shall be issued or renewed for a new  
4 motor vehicle for its initial vehicle registration or for a motor vehicle  
5 changing its ownership without satisfactory proof to the department that the  
6 applicant meets the requirements of § 27-22-101 et seq.

7 (b) The department shall not be liable for any damages to any property  
8 or person due to any act or omission in the keeping of any record under § 27-  
9 22-101 et seq. or the issuing or renewing of any motor vehicle license plate.

10 (c) The provisions of this section shall not be applicable to state-  
11 owned vehicles nor to state employees while operating the state-owned  
12 vehicles.

13 (d)(1) If it is determined that an applicant provided documentation  
14 reflecting proof of vehicle liability insurance at the time of registration  
15 or renewal of registration, as required by subsection (a) of this section,  
16 when the motor vehicle was not insured as a result of nonpayment of premium  
17 or policy cancellation, the Office of Motor Vehicle shall notify the owner of  
18 the motor vehicle that incorrect proof of liability insurance was provided.

19 (2) The notice that incorrect proof of insurance was provided  
20 shall be in letter form sent by regular mail to the last address on file for  
21 the motor vehicle registration.

22 (3) An owner receiving notice under subsection (d) of this  
23 section has thirty (30) days from the date of the notice letter to provide to  
24 the office proof that, at the time of registration or renewal of  
25 registration, the vehicle was covered by an insurance policy that complies  
26 with § 27-22-104.

27 (4) If the owner fails to provide proof of insurance under  
28 subdivision (d)(3) of this section, then upon subsequent renewal of the  
29 vehicle registration, the owner shall be required to pay a penalty, in  
30 addition to the renewal fees authorized by law, in the following amount:

31 (A) In all cases involving the first notice to an owner  
32 that incorrect proof of vehicle liability insurance was presented at the time  
33 of registration or renewal of registration, the penalty shall be two hundred  
34 fifty dollars (\$250);

35 (B) In all cases involving the second, or a subsequent,  
36 notice to an owner that incorrect proof of vehicle liability insurance was

1 presented at the time of registration or renewal of registration, the penalty  
 2 shall be five hundred dollars (\$500).

3 (e) Any money collected pursuant to subdivision (d)(4) of this section  
 4 shall be remitted on or before the tenth (10th) day of the month following  
 5 the month of collection to the State Treasury to the credit of the State  
 6 Central Services Fund Account.

7  
 8 SECTION 3. Effective July 1, 2004, Arkansas Code § 27-22-108 is  
 9 amended to read as follows:

10 27-22-108. Motor vehicle insurance comparison - Registration,  
 11 revocation, and reinstatement procedures.

12 (a) With the information provided to the Department of Finance and  
 13 Administration under § 27-22-107, the Office of Motor Vehicle shall, at least  
 14 monthly, compare all current motor vehicle registrations against the Vehicle  
 15 Insurance Database.

16 (b)(1) If the comparison under subsection (a) of this section shows  
 17 that ~~a motor vehicle~~ one (1) or more motor vehicles is not insured for three  
 18 (3) consecutive months, the office shall provide notice of noncompliance to  
 19 ~~the owner of the motor vehicle~~ as many owners of uninsured motor vehicles as  
 20 the financial resources of the office will permit.

21 (2) The notice of noncompliance shall be in letter form sent by  
 22 regular mail to the last address on file for the motor vehicle registration.

23 (3) That owner has thirty (30) days, from the date of the notice  
 24 letter, to provide to the office proof that the vehicle is covered, either  
 25 by:

26 ~~(1)(A)~~ (A) A certificate of self-insurance under the  
 27 provisions of § 27-19-107; or

28 ~~(2)(B)~~ (B) An insurance policy in amounts required under § 27-  
 29 22-104 issued by an insurance company authorized to do business in this  
 30 state.

31 ~~(c)(1) If the owner fails to provide satisfactory proof, the~~  
 32 ~~department shall proceed to suspend the registration of the uninsured vehicle~~  
 33 ~~effective thirty (30) days after the notice of noncompliance was issued.~~

34 ~~(2) An owner who has the owner's vehicle registration suspended~~  
 35 ~~in accordance with this subsection shall not be reissued a registration for~~  
 36 ~~that vehicle or have a registration renewed on the vehicle until the owner~~

1 ~~presents proof of insurance coverage or other financial security and pays the~~  
2 ~~reinstatement fees provided for in subsection (e) of this section.~~

3 ~~(3)(A) If proof that insurance coverage or other financial~~  
4 ~~security was in effect at the time the notice was sent is presented within~~  
5 ~~thirty (30) days of the notice being sent, the vehicle insurance database~~  
6 ~~shall be updated and the registration suspension actions shall cease at no~~  
7 ~~cost to the owner of the vehicle.~~

8 ~~(B) If proof that insurance coverage or other financial~~  
9 ~~security was in effect at the time the notice was sent is presented later~~  
10 ~~than thirty (30) days after the notice was sent, the vehicle insurance~~  
11 ~~database shall be updated and the registration will be restored effective on~~  
12 ~~the date the proof was presented.~~

13 ~~(d) Any suspension by the department under this section shall be~~  
14 ~~subject to the notice and hearing procedures under § 27-19-404 and shall~~  
15 ~~remain in effect, and no registration shall be renewed for or issued to any~~  
16 ~~person whose vehicle registration is so suspended until:~~

17 ~~(1) The person shall deposit or there shall be deposited on the~~  
18 ~~person's behalf sufficient security as provided for under the Motor Vehicle~~  
19 ~~Safety Responsibility Act, § 27-19-101 et seq.; or~~

20 ~~(2) The person shall furnish the department one of the~~  
21 ~~following:~~

22 ~~(A) A certificate of self insurance under the provisions~~  
23 ~~of § 27-19-107; or~~

24 ~~(B) An insurance policy in amounts required under § 27-22-~~  
25 ~~104 issued by an insurance company authorized to do business in this state.~~

26 ~~(e)(1) In order to reinstate the suspended registration and be~~  
27 ~~reissued a new or renewed registration for any suspended motor vehicle, the~~  
28 ~~owner shall present the proof of renewed or new financial coverage required~~  
29 ~~in subdivision (d)(1) or (2) of this section to the department and shall pay~~  
30 ~~to the department a fifty dollar fee for reinstatement of the registration.~~

31 ~~(2) The revenues derived from this reinstatement fee shall be~~  
32 ~~deposited as special revenues to the State Central Services Fund and credited~~  
33 ~~as direct revenues to be used by the department to offset the costs of~~  
34 ~~administering this section.~~

35 ~~(3) This fee shall be in addition to any registration fees,~~  
36 ~~other fees, or other penalties for violations of the motor vehicle~~

1 ~~registration laws that shall be due and payable at the time of reinstatement.~~

2 (c) If the owner fails to provide satisfactory proof of insurance, a  
 3 certificate of self-insurance, or proof that the owner provided proper notice  
 4 to the Office of Motor Vehicle that the vehicle was out of service during the  
 5 period of noncompliance, then at the time of registration renewal, the person  
 6 registering the motor vehicle shall be required to pay a penalty, in addition  
 7 to the renewal fees authorized by law, in the following amount:

8 (1)(A) In all cases involving the first notice of noncompliance  
 9 to an owner, the penalty shall be calculated at the rate of five dollars  
 10 (\$5.00) per day for each day of noncompliance.

11 (B) For purposes of calculating the penalty, the first day  
 12 the penalty will be imposed is the first day of the consecutive three (3)  
 13 month period that resulted in the issuance of the notice of noncompliance and  
 14 the penalty shall be imposed for each day thereafter until the vehicle is  
 15 properly insured.

16 (2)(A) In all cases involving the second, or a subsequent,  
 17 notice of noncompliance to an owner, the penalty shall be calculated at the  
 18 rate of ten dollars (\$10.00) per day for each day of noncompliance.

19 (B) For purposes of calculating the penalty, the first day  
 20 the penalty will be imposed is the first day of the consecutive three (3)  
 21 month period that resulted in the issuance of the notice of noncompliance and  
 22 the penalty shall be imposed for each day thereafter until the vehicle is  
 23 properly insured.

24 ~~(f)(d)~~(1) The registration of a vehicle that is out of service shall  
 25 be suspended upon receipt of a notice from the owner stating that the vehicle  
 26 is out of service. Once the vehicle is returned to service, the owner shall  
 27 submit proof of insurance coverage or other financial security and the  
 28 registration shall be restored at no charge.

29 (2) The out-of-service notice shall be on a form designed and  
 30 approved by the Director of the Department of Finance and Administration.

31 ~~(g)(e)~~ The department shall promulgate necessary rules and regulations  
 32 for the administration of this section.

33  
 34 SECTION 4. Arkansas Code Title 27, Chapter 22, Subchapter 1, is  
 35 amended to add a new section to read as follows:

36 27-22-109. Penalties.

1       (a) It shall be unlawful for any person to operate a motor vehicle in  
2 Arkansas unless the vehicle contains proof that the vehicle is covered by a  
3 certificate of self-insurance under the provisions of § 27-19-107, or by an  
4 insurance policy, providing the minimum coverage required by law, issued by  
5 an insurance company authorized to do business in this state.

6       (b) Any person who operates within this state a motor vehicle that  
7 does not contain proof that the vehicle is covered by a certificate of self-  
8 insurance or an insurance policy as required under § 27-22-104(a)(1) shall be  
9 subject to a mandatory fine as follows:

10           (1) Fifty dollars (\$50.00) for a first offense during any three-  
11 year period;

12           (2) One hundred dollars (\$100) for a second offense during any  
13 three-year period; and

14           (3) Two hundred dollars (\$200) for a third, or any subsequent,  
15 offense during any three-year period.

16       (c) It is not a defense to subsection (a) of this section to prove  
17 that liability coverage required by §§ 27-22-101 - 27-22-104 was in effect at  
18 the time of arrest or traffic stop.

19       (d)(1) If the arresting officer was an officer of the Department of  
20 Arkansas State Police, the fine shall be deposited in the State Treasury and  
21 credited to the Department of Arkansas State Police Fund to be used for the  
22 purchase and maintenance of state police vehicles.

23           (2) If the arresting officer was an officer of the Arkansas  
24 Highway Police, the fine shall be deposited in the Arkansas Highway and  
25 Transportation Department Fund to be used to purchase and maintain highway  
26 police vehicles.

27           (3) If the arresting officer was a county law enforcement  
28 officer, the fine shall be deposited in the county fund of the county  
29 employing the officer, to be used to purchase and maintain rescue, emergency  
30 medical, and law enforcement vehicles, communications equipment, animals  
31 owned or used by law enforcement agencies, life-saving medical apparatus, and  
32 law enforcement apparatus.

33           (4) If the arresting officer was a municipal law enforcement  
34 officer, the fine shall be deposited in the municipal fund of the  
35 municipality employing the arresting officer, to be used to purchase and  
36 maintain rescue, emergency medical, and law enforcement vehicles,

1 communications equipment, animals owned or used by law enforcement agencies,  
2 life-saving medical apparatus, and law enforcement apparatus.

3  
4 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
5 General Assembly of the State of Arkansas that the lack of compliance with  
6 the motor vehicle liability insurance law is epidemic in this state; that the  
7 owners of motor vehicles that have not complied with mandatory insurance  
8 requirements increase the potential financial catastrophe to others involved  
9 in accidents with them; that this act is designed and intended to provide  
10 enforcement provisions and to ensure increased compliance with the motor  
11 vehicle liability insurance law of this state; and that the enactment of new  
12 and enhanced penalties and requirements will increase compliance with the  
13 motor vehicle liability insurance law. Therefore, an emergency is declared  
14 to exist and this act being necessary for the preservation of the public  
15 peace, health, and safety shall become effective on July 1, 2003.