

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

SENATE BILL 488

5 By: Senator J. Woods
6 By: Representative Neal
7

For An Act To Be Entitled

9 AN ACT TO REQUIRE PROOF OF A VALID DRIVER'S LICENSE
10 FOR THE ISSUANCE OF MOTOR VEHICLE LIABILITY
11 INSURANCE; AND FOR OTHER PURPOSES.
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Subtitle

15 TO REQUIRE PROOF OF A VALID DRIVER'S
16 LICENSE FOR THE ISSUANCE OF MOTOR VEHICLE
17 LIABILITY INSURANCE.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code Title 23, Chapter 89, Subchapter 2, is
23 amended to add an additional section to read as follows:

24 23-89-217. Minimum requirements for issuing automobile liability
25 insurance – Definition.

26 (a) As used in this section, "valid driver's license" means a driver's
27 license:

28 (1) Issued by:

29 (A) The Office of Motor Vehicle of the Department of
30 Finance and Administration;

31 (B) Another state;

32 (C) A branch of the armed services of the United States;

33 or

34 (D) A country with which the Department of Finance and
35 Administration has a reciprocal agreement for drivers' licenses under § 27-
36 16-809; and



1 (2) That is not currently expired, suspended, revoked, or
 2 canceled.

3 (b)(1) For all new automobile liability insurance policies issued
 4 after October 1, 2013, an insurance company that writes automobile liability
 5 insurance in Arkansas:

6 (A) Shall require proof of a valid driver's license for
 7 each applicant for an automobile insurance policy; and

8 (B) Is prohibited from issuing an automobile liability
 9 insurance policy to a person who cannot produce a valid driver's license.

10 (2) For all automobile liability insurance policies reissued
 11 after January 1, 2014, an insurance company that writes automobile liability
 12 insurance in Arkansas:

13 (A) Shall require proof of a valid driver's license for
 14 each applicant for an automobile insurance policy; and

15 (B) Is prohibited from issuing an automobile liability
 16 insurance policy to a person who cannot produce a valid driver's license.

17 (c)(1) The State Insurance Department shall accept and investigate
 18 complaints from consumers, court personnel, and state agencies related to a
 19 violation of this section as provided under § 23-61-301 et seq.

20 (2) Proceedings for actions brought by the State Insurance
 21 Department for a violation of this section shall be conducted in accordance
 22 with § 23-61-301 et seq.

23 (d) The State Insurance Department may deny, suspend, or revoke any of
 24 the following as a penalty for a violation of this section:

25 (1) A certificate of authority issued under § 23-63-201 et seq.;

26 (2) A license issued to a managing general agent under the
 27 insurance laws of this state, including without limitation the Managing
 28 General Agents Act, § 23-64-401 et seq.; or

29 (3) A license issued to an agent, broker, or insurance producer
 30 under the insurance laws of this state, including without limitation the
 31 Producer Licensing Model Act, § 23-64-501.

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 33 SECTION 2. Arkansas Code § 23-89-303 is amended to read as follows:

34 23-89-303. Grounds for cancellation.

35 (a) As used in this section, "valid driver's license" means a driver's
 36 license:

- 1 (1) Issued by:
- 2 (A) The Office of Motor Vehicle of the Department of
- 3 Finance and Administration;
- 4 (B) Another state;
- 5 (C) A branch of the armed services of the United States;
- 6 or
- 7 (D) A country with which the Department of Finance and
- 8 Administration has a reciprocal agreement for drivers' licenses under § 27-
- 9 16-809; and

10 (2) That is not currently expired, suspended, revoked, or
 11 canceled.

12 ~~(a)~~(b) A notice of cancellation of a policy shall be effective only if
 13 it is based on one (1) or more of the following reasons:

- 14 (1) Nonpayment of premium;
- 15 (2) The named insured or any driver of the insured vehicle ~~shall~~
 16 ~~be convicted of:~~

- 17 (A) ~~Driving~~ Is convicted of driving while intoxicated;
- 18 (B) ~~Homicide~~ Is convicted of homicide or assault arising
 19 out of the use of a motor vehicle; or

20 (C) ~~Three~~ Has three (3) separate convictions of speeding
 21 or reckless driving, or any combination of the two during the policy period,
 22 including three (3) months ~~prior to~~ before the effective date of the policy;

23 (3) The driver's license or motor vehicle registration of the
 24 named insured or of any other operator who either resides in the same
 25 household or customarily operates an automobile insured under this policy has
 26 been under suspension or revocation during the policy period or, if the
 27 policy is a renewal, during its policy period or the one hundred eighty (180)
 28 days immediately preceding its effective date;

29 (4) Fraud or misrepresentation of a material fact, the knowledge
 30 of which would have caused the insurer to decline to issue a policy; ~~or~~

31 (5) Nonpayment of membership dues when they are a requirement in
 32 the bylaws, agreements, or other legal instruments of a company before
 33 issuance and maintenance of a policy under this subchapter; or

34 (6) The named insured or any driver of the vehicle who
 35 customarily operates an automobile of the insured under this policy does not
 36 have a valid driver's license.

1 ~~(b)(c)~~ This section ~~shall~~ does not apply to any policy or coverage
2 ~~which~~ that has been in effect less than sixty (60) days at the time notice of
3 cancellation is mailed or delivered by the insurer, unless it is a renewal
4 policy.

5 ~~(e)(d)~~ This section ~~shall~~ does not apply to nonrenewal of an insurance
6 policy.

7 ~~(d)(1)(e)(1)~~ However, an insurer shall not be able to rescind bodily
8 injury or property damage liability coverage under an insurance policy for
9 fraud or misrepresentation with respect to any injury to a third party when
10 suffered as a result of the insured's negligent operation of a motor vehicle.

11 (2) ~~Nothing in this subsection is intended to~~ This subsection
12 does not negate an insurer's right to rescind other coverages in the
13 insurance policy purchased by the insured.

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