

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas As Engrossed: H3/14/17 H3/23/17

2 91st General Assembly **A Bill**

3 Regular Session, 2017 HOUSE BILL 2193

4

5 By: Representative Hammer

6

7 **For An Act To Be Entitled**

8 *AN ACT TO AMEND THE LAW CONCERNING MOTOR VEHICLE*

9 *INSURANCE; AND FOR OTHER PURPOSES.*

10

11

12 **Subtitle**

13 *TO AMEND THE LAW CONCERNING MOTOR VEHICLE*

14 *INSURANCE.*

15

16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

18

19 *SECTION 1. Arkansas Code § 27-14-414 is repealed.*

20 ~~*27-14-414. Vehicle Insurance Database.*~~

21 ~~*(a) There is created the Vehicle Insurance Database within the Revenue*~~  
22 ~~*Division of the Department of Finance and Administration to develop,*~~  
23 ~~*establish, and maintain a database of information to verify compliance with*~~  
24 ~~*the motor vehicle liability insurance laws of Arkansas set out in § 27-22-101*~~  
25 ~~*et seq.*~~

26 ~~*(b)(1) The Vehicle Insurance Database shall be administered by the*~~  
27 ~~*division with the assistance of the Department of Information Systems or any*~~  
28 ~~*other designated agent which may be contracted with to supply technical*~~  
29 ~~*database and data processing expertise.*~~

30 ~~*(2) The Vehicle Insurance Database shall be developed and*~~  
31 ~~*maintained in accordance with guidelines established by the division so that*~~  
32 ~~*the state and local law enforcement agencies can access the Vehicle Insurance*~~  
33 ~~*Database to check the current insurance coverage on motor vehicles in*~~  
34 ~~*Arkansas required to maintain current liability insurance as required by law.*~~

35 ~~*(c) The division shall have the authority to enter into or to make*~~  
36 ~~*agreements, arrangements, or declarations necessary to carry out the*~~



1 ~~provisions of this section.~~

2 ~~(d) The reports shall be retained by the Department of Finance and~~  
3 ~~Administration so as to keep a twelve month history of the insurance record~~  
4 ~~of the vehicle for at least the preceding full twelve month period.~~

5 ~~(e)(1) Upon request, the Department of Finance and Administration may~~  
6 ~~release an individual's information in the Vehicle Insurance Database to:~~

7 ~~(A) That individual;~~

8 ~~(B) The parent or legal guardian of that individual who is~~  
9 ~~under eighteen (18) years of age or who is legally incapacitated; and~~

10 ~~(C) State and local law enforcement agencies, to the~~  
11 ~~Arkansas Crime Information Center, or to other government offices upon a~~  
12 ~~showing of need.~~

13 ~~(2) Otherwise, all data and information received by the Vehicle~~  
14 ~~Insurance Database are confidential and are not subject to examination or~~  
15 ~~disclosure as public information under the Freedom of Information Act of~~  
16 ~~1967, § 25-19-101 et seq.~~

17 ~~(f) The department or the reporting company shall not be liable for~~  
18 ~~any damages to any property or person due to any act or omission in the~~  
19 ~~reporting of or keeping of any record or information under the Vehicle~~  
20 ~~Insurance Database or the issuing or renewing of any motor vehicle~~  
21 ~~registration in accordance with the Vehicle Insurance Database.~~

22 ~~(g) The Director of the Department of Finance and Administration shall~~  
23 ~~have the authority to adopt rules and regulations necessary to carry out the~~  
24 ~~provisions of this section.~~

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26 *SECTION 2. Arkansas Code Title 27, Chapter 22, is amended to add an*  
27 *additional subchapter to read as follows:*

28  
29 *Subchapter 2 – Arkansas Online Insurance Verification System Act*

30  
31 *27-22-201. Title.*

32 *This subchapter shall be known and may be cited as the "Arkansas Online*  
33 *Insurance Verification System Act".*

34  
35 *27-22-202. Definitions.*

36 *As used in this subchapter:*

1 (1) "Certificate of Insurance" means a document issued by an  
2 insurer or its authorized representative showing that a specific vehicle is  
3 insured as required under § 27-22-104;

4 (2) "Commercial automobile liability insurance policy" means an  
5 insurance policy:

6 (A) That is written on either a commercial coverage or  
7 other commercially rated personal policy form, including without limitation a  
8 commercial auto, garage, or truckers form, and that is is not dependent on  
9 the type, number, or ownership of vehicle or entity covered or insured; and

10 (B) That insures vehicles not identified individually by a  
11 vehicle identification number on the policy;

12 (3) "Dealer" means a person dealing in buying, selling,  
13 exchanging, advertising, or negotiating the sale of motor vehicles and  
14 licensed under §§ 27-14-205 and 27-14-601; and

15 (4) "Insurer" means a motor vehicle insurance company licensed  
16 or authorized to do business in this state.

17  
18  
19 27-22-203. Online insurance verification system.

20 (a) The Department of Finance and Administration shall establish an  
21 advisory group consisting of representatives of the State Insurance  
22 Department, insurance companies, the Department of Arkansas State Police, and  
23 other agencies or entities to:

24 (1) Facilitate the implementation of the online insurance  
25 verification system;

26 (2) Develop a guide for insurers providing data and other  
27 information necessary for compliance along with other necessary regulations;

28 (3) Coordinate and conduct a testing phase;

29 (4) Identify necessary changes during the testing phase; and

30 (5) Issue recommendations based on periodic reviews of the  
31 online insurance verification system.

32 (b) The Department of Finance and Administration shall:

33 (1) Cooperate with insurers in implementing the online insurance  
34 verification system;

35 (2) Establish the online insurance verification system framework  
36 necessary to assist insurers using multiple keys for greater matching

1 accuracy, including without limitation:

2 (A) Insurer National Association of Insurance

3 Commissioners insurer numbers;

4 (B) Motor vehicle identification numbers;

5 (C) Policy numbers; and

6 (D) Other key or keys specified by the advisory group; and

7 (3) Be responsible for keeping the advisory group informed on  
8 implementation status.

9 (c) Each insurer shall cooperate with the Department of Finance and  
10 Administration in establishing the online insurance verification system.

11  
12 27-22-204. Functions of the online insurance verification system.

13 The online insurance verification system shall:

14 (1) Be accessible to:

15 (A) Authorized personnel of the Department of Finance and  
16 Administration by direct inquiry;

17 (B) The courts, insurers, law enforcement, and offices of  
18 the licensing officials charged with motor vehicle registration and titling  
19 responsibilities through authorized personnel of the department; and

20 (C) Insurance companies on a limited basis as required to  
21 operate the online insurance verification system;

22 (2)(A) Have the ability to verify, on a twenty-four-hours-per-  
23 day, seven-days-per-week basis, minus permitted down time for system  
24 maintenance as prescribed by the advisory group established under § 27-22-  
25 203, the insurance status of a motor vehicle via the internet, or similar  
26 electronic system consistent with the insurance industry and Insurance  
27 Industry Committee on Motor Vehicle Administration recommendations and the  
28 specifications and standards of the Insurance Industry Committee on Motor  
29 Vehicle Administration model updated January 3, 2017, or later models as  
30 recommended by the advisory group and adopted by the department.

31 (B) The online insurance verification system shall  
32 include any additional features required by Arkansas law which may not be  
33 included in the Insurance Industry Committee on Motor Vehicle Administration  
34 model;

35 (3) Be able to access insurers by using multiple keys for  
36 greater matching accuracy, including without limitation:

1                   (A) The National Association of Insurance Commissioners  
2 insurer number assigned by the National Association of Insurance  
3 Commissioners;

4                   (B) The motor vehicle identification number;

5                   (C) The policy number; and

6                   (D) Other key or keys specified by the advisory group.

7                   (4) Provide data security for the type of information  
8 transferred as prescribed by the advisory group.

9                   (5) Utilize open and agreed to data and data transmission  
10 standards and standard schema as specified by the advisory group.

11  
12                   27-22-205. Responsibilities of an insurer.

13                   (a) An insurer shall:

14                   (1) Operate the online insurance verification system in  
15 cooperation with the Department of Finance and Administration;

16                   (2) Maintain the data necessary to verify insurance status  
17 through the online insurance verification system for a period to be specified  
18 by the advisory group established under § 27-22-203, allowing for the  
19 printing of renewal notices, online multi-year renewals and renewals at all  
20 state revenue offices;

21                   (3) Maintain the web service as required under the online  
22 insurance verification system and as specified by the advisory group;

23                   (4) Provide data security for the type of information  
24 transferred as required by the advisory group that does not violate state or  
25 federal privacy laws;

26                   (5) Be immune from civil and administrative liability for good  
27 faith efforts to comply with the terms of this subchapter;

28                   (6) Provide an insured motor vehicle under a automobile  
29 insurance liability policy with an insurance card clearly indicating that the  
30 motor vehicle is insured under an automobile liability insurance policy in  
31 accordance with § 27-22-104; and

32                   (7) Allow access through an online insurance verification system  
33 to verify insurance status.

34                   (b) This section shall not prohibit an insurer from using the services  
35 of a third party vendor for facilitating the online insurance verification  
36 system required by this subchapter.

1  
2 27-22-206. Responsibilities of the department.

3 The Department of Finance and Administration shall:

4 (1) Cooperate with insurers and the advisory group established  
5 under § 27-22-203 in operating the online insurance verification system;

6 (2) Maintain the list of authorized requesting entities and  
7 individuals and make the list a part of the online insurance verification  
8 system;

9 (3) Maintain the online insurance verification system framework  
10 necessary for insurers using the key or keys under § 27-22-104'

11 (4)(A) Provide data security for the type of information  
12 transferred as prescribed by the advisory group.

13 (B) Data secured via the online insurance verification  
14 system may not be shared with any party other than those permitted by  
15 state or federal privacy laws;

16 (5) Be responsible for keeping the advisory group informed on  
17 functionality and planned or unplanned service interruptions;

18 (6) Provide alternative methods of reporting for small insurers  
19 insuring no more than fifty (50) motor vehicles in the state as prescribed by  
20 the department;

21 (7) Work with the advisory group on issues as they emerge for an  
22 equitable resolution for all parties;

23 (8) Maintain records of online insurance verification system  
24 data for a period of time specified by the department;

25 (9) Provide a means to separately track or distinguish motor  
26 vehicles where the owner qualifies as self-insured and financial  
27 responsibility is provided by a certificate of insurance under § 27-19-107 or  
28 other method authorized by law;

29 (10) Administer and enforce this subchapter and propose  
30 reasonable rules and regulations concerning any matter administered in this  
31 subchapter;

32 (11) Provide suitable notices and forms necessary to carry out  
33 the provisions of this subchapter;

34 (12) Suspend motor vehicle registrations under this subchapter;  
35 and

36 (13) This section does not prohibit the department from using

1 the services of a third party vendor for facilitating the operation of online  
2 insurance verification system required by this subchapter.

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4 27-22-207. Exemptions.

5 This subchapter shall not apply to any of the following motor vehicles  
6 or operators:

7 (1) Trailers as defined in § 27-14-1202, including without  
8 limitation semitrailers, travel trailers, boat trailers, pole trailers, and  
9 utility trailers;

10 (2) Implements of husbandry as defined in § 27-14-212;

11 (3) Any vehicle moved solely by animal power;

12 (4) Inoperable or stored motor vehicles that are not operated,  
13 as defined by the rules and regulations of the department and not subject to  
14 the provisions of this subchapter;

15 (5) Motor vehicles owned by a licensed motor vehicle dealer,  
16 wholesaler, rebuilder, or reconditioner and held in inventory that are  
17 covered by a blanket liability insurance policy or commercial automobile  
18 liability insurance policy;

19 (6) Motor vehicles properly registered in another jurisdiction  
20 and not legally required to be registered under this subchapter;

21 (7) Motor vehicles owned by a bank, a subsidiary or affiliate of  
22 a bank, or finance company, acquired as an incident to their regular  
23 business, that are covered by a blanket liability insurance policy or  
24 commercial automobile liability insurance policy; or

25 (8) Motor vehicles as prescribed by the Insurance Commissioner  
26 that are covered by a blanket liability insurance policy or commercial  
27 automobile liability insurance policy.

28  
29 27-22-208. Reporting violations.

30 (a) If an insurance company fails to consistently allow access through  
31 an online insurance verification system to verify coverage of motor vehicle  
32 liability insurance coverage, the Department of Finance and Administration  
33 shall notify the State Insurance Department of repeated violations that the  
34 Department of Finance and Administration is not able to resolve with the  
35 insurer.

36 (b) The Department of Finance and Administration shall provide the

1 form and manner of transmission for the purposes of notifying the State  
2 Insurance Department and insurer under subsection (a) of this section.

3 (c) The State Insurance Department may impose a penalty or fine under  
4 § 23-60-108.

5  
6 27-22-209. Suspension of registration.

7 (a)(1) The Department of Finance and Administration shall suspend the  
8 motor vehicle registration of any motor vehicle determined to be in violation  
9 of § 27-22-104 or this subchapter.

10 (2) Suspension will occur regardless of whether:

11 (A) The owner of the motor vehicle acquires the required  
12 liability insurance policy after the date of verification; or

13 (B) The owner of the motor vehicle terminates ownership of  
14 the motor vehicle.

15 (b) The department, or a designated third-party will provide  
16 notification of the suspension to the owner of the motor vehicle.

17 (c) In the case of a violation, the department shall terminate the  
18 suspension upon payment by the owner of the motor vehicle of a reinstatement  
19 fee of one hundred dollars (\$100) and submission of proof of current  
20 insurance as verified through the online insurance verification system.

21 (d) The reinstatement fee collected by the department shall be  
22 distributed under § 27-16-808.

23 (e) All officials authorized by law to register motor vehicles, issue  
24 motor vehicle license plates, and to perform other duties in connection with  
25 the issuance of motor vehicle license plates shall refuse to register or re-  
26 register a motor vehicle or refuse to transfer the license plates if the  
27 registration is suspended.

28 (f) Information regarding the motor vehicle registration suspension or  
29 reinstatement status of a person is confidential and shall be released only  
30 to the person who is the subject of a suspension or possible suspension, or  
31 to law enforcement agencies, courts, and other governmental entities,  
32 including officials responsible for the issuance of license plates, as  
33 necessary in the administration of the provisions of this chapter.

34  
35 27-22-210. Penalties.

36 (a) A person is guilty of a Class C misdemeanor upon conviction if he



1 or she:

2 (1) Operates a motor vehicle without a liability insurance  
3 policy or proof of self-insurance in accordance with this chapter;

4 (2) Operates a motor vehicle with notice of cancellation,  
5 recession, abrogation, or termination of insurance or registers or attempts  
6 to register a motor vehicle;

7 (3) Operates a motor vehicle and, upon demand of a law  
8 enforcement officer, fails or refuses to present satisfactory evidence of  
9 insurance unless a law enforcement officer verifies motor vehicle liability  
10 insurance coverage through the online insurance verification system;

11 (4) Operates a motor vehicle the registration of which is  
12 suspended or revoked under this chapter; or

13 (5) Operates a motor vehicle and presents evidence of insurance  
14 when there is no valid insurance in effect on the motor vehicle as required  
15 by this chapter.

16 (b)(1) A motor vehicle may be impounded at the discretion of a law  
17 enforcement officer if the operator fails to provide evidence of registration  
18 and insurance as required by § 27-22-104.

19 (2) Proof of registration and insurance may be verified through  
20 the online insurance verification system and other electronic means as  
21 necessary.

22 (c)(1) For the purposes of this section, the reference herein to  
23 operating a motor vehicle shall be satisfied whenever it is apparent that the  
24 vehicle has traveled any distance upon a public road or highway and a law  
25 enforcement officer may have only observed the results of finding the vehicle  
26 stopped either on or off the public road or highway, as for example when the  
27 vehicle has come to a stop after an accident.

28 (2) Witnessing the operation of the motor vehicle is not  
29 required for a citation to be issued under this section.

30 (d) A person is guilty of a Class C felony if he or she knowingly:

31 (1) Alters, forges, or counterfeits an insurance card to make it  
32 appear valid; or

33 (2) Makes, sells, or otherwise makes available an invalid or  
34 counterfeit insurance card, or other evidence of insurance.

35  
36 27-22-211. Registration and licensing.

1 (a) The Department of Finance and Administration shall not register or  
2 re-register a motor vehicle or transfer the license plates if the  
3 registration is suspended under § 27-22-109.

4 (b) Notwithstanding the provisions of subsection (c) of this section,  
5 the department,  
6 upon the request of the registrant, shall reinstate a suspended registration  
7 at such time the registrant meets the provisions of reinstatement provided  
8 for by this chapter.

9 (c) A vehicle registration or renewal shall not be issued to a motor  
10 vehicle unless the department receives proof of insurance or verification of  
11 motor vehicle liability insurance through the online insurance verification  
12 system that provides the minimum motor vehicle insurance coverage required by  
13 § 27-22-104.

14  
15 27-22-212 Reporting of violation.

16 A court shall forward a report of the conviction of a person under §  
17 27-22-104 to the Department of Finance and Administration within ten (10)  
18 calendar days in a form prescribed by the department.

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20 SECTION 3. EFFECTIVE DATE. This act shall be effective on and after  
21 January 1, 2019.

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24 /s/Hammer  
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