

Department of Finance and Administration

Legislative Impact Statement

Bill: SB488

Bill Subtitle: TO REQUIRE PROOF OF A VALID DRIVER'S LICENSE FOR THE ISSUANCE OF MOTOR VEHICLE LIABILITY INSURANCE.

Basic Change :

Sponsors: Senator J. Woods and Representative Neal,

This bill adds a new section to the requirements for issuing automobile liability insurance policy. The bill requires the insurance companies to obtain proof of a valid driver's license prior to issuance of a motor vehicle liability insurance policy. The State Insurance Department is authorized to investigate to investigate complaints and may deny, suspend, or revoke any certificate of authority or license for a violation of this section. In addition, this bill adds the absence of a driver's license to the list of reasons that constitute grounds for cancellation of an automobile insurance policy.

Revenue Impact :

None

Taxpayer Impact :

Elderly or disabled taxpayers who own and register their vehicles, but have someone else drive them may not be able to obtain liability insurance for their vehicle. If the named insured or any driver of the vehicle who customarily operates the automobile of the insured under the insurance policy does not have a valid driver's license, then the insurance policy may be cancelled.

Resources Required :

None

Time Required :

None

Procedural Changes :

None

Other Comments :

On page 1, line 29, the Office of Driver Services of the Department of Finance and Administration, not the Office of Motor Vehicles is responsible for the issuance of driver's licenses. The bill does not contain an emergency clause or an effective date.

Legal Analysis :

SB488 requires insurance companies to obtain proof of a valid driver's license for each applicant for an automobile insurance policy. If the applicant cannot produce this proof, the company is prohibited from issuing the policy. The new requirement applies to all new policies issued after October 1, 2013, and to all policies reissued after January 1, 2014. The bill defines the term "valid driver's license" to mean a driver's license issued by the Arkansas Office of Motor Vehicle, another state, a branch of the U.S. armed services, or a country with which Arkansas has a reciprocal driver's license agreement.

The bill does not list an effective date.