

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

# A Bill

HOUSE BILL 2106

5 By: Representatives Johnson, Fielding  
6 By: Senator J. English  
7

## For An Act To Be Entitled

9 AN ACT TO REGULATE MOTOR VEHICLE LIABILITY INSURANCE;  
10 TO DEVELOP AND IMPLEMENT AN ONLINE MOTOR VEHICLE  
11 LIABILITY INSURANCE VERIFICATION SYSTEM; TO ENHANCE  
12 COMPLIANCE WITH AND THE ENFORCEMENT OF MOTOR VEHICLE  
13 LIABILITY INSURANCE REQUIREMENTS; AND FOR OTHER  
14 PURPOSES.  
15

## Subtitle

16  
17  
18 TO DEVELOP AND IMPLEMENT AN ONLINE MOTOR  
19 VEHICLE LIABILITY INSURANCE VERIFICATION  
20 SYSTEM; AND TO ENHANCE COMPLIANCE WITH  
21 AND THE ENFORCEMENT OF MOTOR VEHICLE  
22 LIABILITY INSURANCE REQUIREMENTS.  
23

24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 27-14-414 is amended to read as follows:  
28 27-14-414. Vehicle Insurance Database.

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

34 ~~(b)(1) The Vehicle Insurance Database shall be administered by the~~  
35 ~~division with the assistance of the Department of Information Systems or any~~  
36 ~~other designated agent which may be contracted with to supply technical~~



1 ~~database and data processing expertise.~~

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

7 ~~(c) The division shall have the authority to enter into or to make~~  
8 ~~agreements, arrangements, or declarations necessary to carry out the~~  
9 ~~provisions of this section.~~

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

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

15 ~~(A) That individual;~~

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

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

21 ~~(2) Otherwise, all data and information received by the Vehicle~~  
22 ~~Insurance Database are confidential and are not subject to examination or~~  
23 ~~disclosure as public information under the Freedom of Information Act of~~  
24 ~~1967, § 25-19-101 et seq.~~

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

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

33 (a)(1) The Department of Finance and Administration, in cooperation  
34 with the Insurance Commissioner and the Department of Arkansas State Police,  
35 shall establish an accessible online motor vehicle liability insurance  
36 verification system to be known as the "Vehicle Insurance Database".

1           (2) The purpose of the database is to verify the compliance of a  
2 motor vehicle owner or operator with the minimum motor vehicle liability  
3 insurance requirements under § 27-22-104.

4           (3) The database shall be designed to:

5                   (A) Reduce the number of uninsured motorists in this  
6 state;

7                   (B) Operate reliably;

8                   (C) Be cost-effective;

9                   (D) Protect sufficiently the privacy of the motor vehicle  
10 owner or operator;

11                   (E) Safeguard sufficiently the security and integrity of  
12 information provided by motor vehicle liability insurance companies;

13                   (F) Identify and employ a method of compliance that  
14 improves public convenience; and

15                   (G) Provide information that is:

16                           (i) Accurate and current; and

17                           (ii) Capable of being audited by an independent  
18 auditor.

19           (4) The Department of Finance and Administration:

20                   (A)(i) May contract with a private vendor or vendors to  
21 develop, implement, operate, and maintain all or part of the database.

22                           (ii) A vendor shall be selected under the Arkansas  
23 Procurement Law, § 19-11-201 et seq.; and

24                   (B) Is not subject to liability or suit for any error in  
25 the database.

26           (b) The database shall:

27                   (1) Contain information provided in § 27-22-107 by motor vehicle  
28 liability insurers to verify motor vehicle liability insurance coverage using  
29 electronic services established by the Department of Finance and  
30 Administration;

31                   (2) Include appropriate provisions to secure the database's data  
32 against unauthorized access and to maintain a record of all requests and  
33 responses;

34                   (3) Be accessible without fee to:

35                           (A) Authorized personnel and authorized agents of the  
36 Department of Finance and Administration;

- 1                   (B) The Insurance Commissioner;
- 2                   (C) The courts;
- 3                   (D) Law enforcement personnel; and
- 4                   (E) County assessors;
- 5                   (4) Interface, when possible, with existing computer systems and  
 6 applications of the Department of Finance and Administration and law  
 7 enforcement agencies;
- 8                   (5) Receive motor vehicle liability insurance data file  
 9 transfers from motor vehicle liability insurers under specifications and  
 10 standards established by the Department of Finance and Administration to  
 11 identify vehicles that are not covered by a motor vehicle liability insurance  
 12 policy;
- 13                   (6) Provide a means by which low-volume motor vehicle liability  
 14 insurers that are unable to deploy an online interface with the database can  
 15 report motor vehicle liability insurance policy data to the Department of  
 16 Finance and Administration or its designee for inclusion in the database;
- 17                   (7) Provide a means to track separately and verify the existence  
 18 or nonexistence of minimum motor vehicle liability insurance coverage for or  
 19 distinguish motor vehicles that are:
- 20                   (A) Subject to a certificate of self-insurance under § 27-  
 21 19-107;
- 22                   (B) Reported under subdivision (b)(6) of this section; or
- 23                   (C) Registered but not subject to a motor vehicle  
 24 liability insurance verification by any other means provided by this section;
- 25                   (8) Be available at all times, subject to reasonable allowances  
 26 for scheduled maintenance or temporary system failures, to verify the motor  
 27 vehicle liability insurance status of any vehicle in a manner prescribed by  
 28 the Department of Finance and Administration;
- 29                   (9) Provide a means to facilitate the administration and notice  
 30 of suspension of motor vehicle registration under § 27-22-103 upon receipt of  
 31 notice that a motor vehicle liability insurance policy has been cancelled or  
 32 no longer meets the minimum coverage requirements of § 27-22-104;
- 33                   (10) Receive motor vehicle registration data file transfers each  
 34 month from the Department of Finance and Administration to identify vehicles  
 35 that are currently registered in this state; and
- 36                   (11)(A) Be prima facie evidence of the existence or nonexistence

1 of minimum motor vehicle liability insurance coverage.

2 (B) The presumption under subdivision (b)(11)(A) of this  
3 section is rebuttable by a proof-of-insurance card issued under § 23-89-213  
4 within the preceding sixty (60) days of the attempt to verify motor vehicle  
5 liability insurance coverage.

6 (c)(1) Information obtained under this section and § 27-22-107:

7 (A) Is confidential;

8 (B) May be used only by authorized personnel and  
9 authorized agents of the Department of Finance and Administration, the  
10 Insurance Commissioner, the courts, law enforcement personnel, and county  
11 assessors for a purpose authorized under this section and § 27-22-101 et  
12 seq.; and

13 (C) Pertaining to an individual, may be released only to  
14 the following individuals or entities at the request of the individual or  
15 entity:

16 (i) The individual;

17 (ii) The parent or legal guardian of the individual  
18 if the individual is under eighteen (18) years of age or is legally  
19 incapacitated; and

20 (iii) State and local law enforcement agencies, the  
21 Arkansas Crime Information Center, or other government offices upon a showing  
22 of need.

23 (2) The Freedom of Information Act of 1967, § 25-19-101 et seq.,  
24 does not apply to the information contained in the database.

25 (d) A motor vehicle liability insurer:

26 (1) Shall cooperate with the Department of Finance and  
27 Administration to establish and maintain the database and the integrity of  
28 the database;

29 (2) Shall provide access to the status of motor vehicle  
30 liability insurance policy information to verify motor vehicle liability  
31 insurance coverage:

32 (A) For a vehicle insured by the motor vehicle liability  
33 insurer that is registered in this state; and

34 (B) If available, for a vehicle that is insured by the  
35 motor vehicle liability insurer or that is operated in this state and the  
36 subject of an accident investigation, regardless of where the vehicle is

1 registered; and

2 (3) Is not liable for an act or omission taken in good faith to  
 3 comply with this section or § 27-22-107.

4 (e) This section does not apply to motor vehicle insurance that is  
 5 written under a commercial motor vehicle liability coverage form approved by  
 6 the Insurance Commissioner.

7  
 8 SECTION 2. Arkansas Code § 27-22-104(a)(2)(A), concerning the failure  
 9 to present proof of insurance at the time of a traffic stop, is amended to  
 10 read as follows:

11 (2)(A)(i) Failure to present proof of insurance coverage at the  
 12 time of a traffic stop, ~~or arrest or proof of~~ a failure of the Vehicle  
 13 Insurance Database, ~~or proof of an insurance~~ a proof-of-insurance card issued  
 14 under § 23-89-213 within the preceding sixty (60) days to show ~~current~~ the  
 15 minimum motor vehicle liability insurance coverage ~~at the time of the traffic~~  
 16 ~~stop~~ required by this section creates a rebuttable presumption that:

17 (a) ~~the~~ The motor vehicle or the person's  
 18 operation of the motor vehicle is ~~uninsured~~ not in compliance with the  
 19 minimum motor vehicle liability insurance coverage requirements of this  
 20 section; and

21 (b) The operator of the motor vehicle failed  
 22 to present the proof-of-insurance card required by § 27-22-111(a).

23 (ii) The law enforcement officer who conducts the  
 24 stop shall search the name of the operator and the vehicle identification  
 25 number of the stopped motor vehicle to determine compliance with this  
 26 section.

27  
 28 SECTION 3. Arkansas Code § 27-22-107 is amended to read as follows:  
 29 27-22-107. Motor vehicle insurance reporting.

30 (a)~~(1)~~ ~~Each~~ An insurance company ~~providing that provides~~ motor vehicle  
 31 liability insurance coverage ~~required under § 27-22-104(a), in this state~~  
 32 shall provide ~~before the seventh day of each calendar month to the Revenue~~  
 33 ~~Division~~ all information in the time and manner required by ~~of~~ the Department  
 34 of Finance and Administration ~~a record of each motor vehicle insurance policy~~  
 35 ~~in effect as of the previous month that was issued by the insurance company.~~  
 36 ~~The reports shall be provided to the division through any means of electronic~~

1 or electromagnetic medium available to and approved by the department, unless  
 2 the insurance company qualifies for an exception to this electronics  
 3 reporting requirement as a result of being a small or low volume insurer as  
 4 may otherwise be provided for under regulations promulgated by the Department  
 5 of Finance and Administration.

6 (2)(A) The Director of the Department of Finance and  
 7 Administration may choose a vendor to provide an online insurance  
 8 verification system which will comply with the industry standards as  
 9 recommended by the Insurance Industry Committee on Motor Vehicle  
 10 Administration when there are two (2) or more vendors that demonstrate to the  
 11 department the ability to meet the Industry Committee on Motor Vehicle  
 12 Administration standard.

13 (i) The department shall notify each insurance  
 14 company in writing of the chosen vendor. If the insurance company elects to  
 15 participate in the online insurance verification system that complies with  
 16 the industry standards, the company may then work with the vendor and the  
 17 department on an agreeable schedule to convert to the new system.

18 (ii) If an insurance company elects to participate  
 19 in the online insurance verification system, then the insurance company will  
 20 be exempt from providing the report before the seventh day of each calendar  
 21 month as the department and law enforcement will be able to obtain data  
 22 online in real time.

23 (B) If the director certifies that seventy percent (70%)  
 24 or more of the motor vehicle insurance policies in effect on a specific date  
 25 are being accessed according to the industry standards in the online  
 26 insurance verification system, each insurance company shall provide access to  
 27 the data through the online insurance verification system.

28 (C) At the discretion of the department, rules and  
 29 regulations may be established to offer insurers who write fewer policies an  
 30 alternative method for reporting insurance policy data.

31 (D) The department shall select a vendor under the  
 32 Arkansas Procurement Law, § 19-11-201 et seq.

33 (b)(1) The ~~reports~~ submission by each insurance company shall include  
 34 for each motor vehicle liability insurance policy:

35 (A)(1) The name and the address of the each named insured;

36 (B)(2) The make, year, and vehicle identification number

1 of each insured vehicle; ~~and~~

2 ~~(C)(3)~~ The name of the insurance provider, policy number,  
 3 effective date, and expiration date of each motor vehicle liability insurance  
 4 policy;;

5 ~~(D)(4)~~ The NAIC number assigned by the National  
 6 Association of Insurance Carriers code number Commissioners to the insurance  
 7 company; ~~and~~

8 ~~(5)~~ The name of each driver excluded from coverage;

9 ~~(2) The reports may include:~~

10 ~~(A)(6)~~ The date of birth of each insured owner or  
 11 operator; and

12 ~~(B)(7)~~ The driver's license number of each insured owner  
 13 or operator.

14 (c)(1) ~~The department may shall, by following procedures set forth in~~  
 15 ~~regulations rules~~ promulgated by the department, assess a penalty against  
 16 ~~each an~~ insurance company ~~of up to~~ not to exceed two hundred fifty dollars  
 17 (\$250) for each day the insurance company fails to comply with this section.

18 (2) If an insurance company shows that the failure to comply  
 19 with this section was inadvertent, accidental, outside of the control of the  
 20 insurance company, or the result of excusable neglect, the Director of the  
 21 Department of Finance and Administration may excuse the penalty.

22 (3) The moneys collected from ~~these~~ the penalties prescribed by  
 23 this subsection shall be deposited as a special revenue into the State  
 24 Central Services Fund, and the net amount shall be credited as a direct  
 25 revenue to be used by the department to offset the costs of administering  
 26 this section.

27 (d) ~~The department shall promulgate necessary rules and regulations~~  
 28 ~~for the administration of this section.~~ If an insurance company fails to  
 29 comply with this section, the Insurance Commissioner may impose an  
 30 appropriate sanction under § 23-63-213, including the suspension or  
 31 revocation of the insurance company's certificate of authority.

32  
 33 SECTION 4. Arkansas Code § 27-22-111(a), concerning the failure to  
 34 present proof of insurance at the time of a traffic stop, is amended to read  
 35 as follows:

36 (a)(1) ~~After~~ At the time of a traffic stop ~~has been completed, if, a~~



1 law enforcement officer shall request an operator of a motor vehicle proves  
 2 that the liability coverage required by §§ 27-22-101—27-22-104 was in  
 3 effect at the time of the traffic stop, to present a proof-of-insurance card  
 4 issued under § 23-89-213 in paper form or electronic form that evidences  
 5 compliance with the minimum motor vehicle liability insurance requirements of  
 6 § 27-22-104.

7 (2) ~~the~~ The failure to present proof of insurance the proof-of-  
 8 insurance card required by subdivision (a)(1) of this section at the time of  
 9 the traffic stop when requested by a law enforcement officer shall be  
 10 punished by a fine of twenty-five dollars (\$25.00).

11  
 12 SECTION 5. Arkansas Code Title 27, Chapter 22, Subchapter 1, is  
 13 amended to add an additional section to read as follows:

14 27-22-112. Notice of noncompliance.

15 (a) If it is determined from the information obtained from the Vehicle  
 16 Insurance Database or an insurance company under § 27-22-107 that a motor  
 17 vehicle is not covered by the minimum liability insurance required under this  
 18 subchapter, the Department of Finance and Administration or a private vendor  
 19 or vendors authorized under § 27-14-414(a)(4) shall send the registered owner  
 20 of the motor vehicle a letter giving notice of noncompliance.

21 (b) A registered owner of a motor vehicle who receives a notice of  
 22 noncompliance based on inaccurate information obtained from the database or  
 23 an insurance company under § 27-22-107 shall provide proof of coverage to the  
 24 department within fifteen (15) days from the mailing date of the notice of  
 25 noncompliance under subsection (a) of this section.

26 (c) The department may promulgate rules to implement and administer  
 27 this subchapter.