

An Act

ENROLLED HOUSE
BILL NO. 2473

By: Walker, Sherrer, Hoskin and
Faught of the House

and

Stanislawski of the Senate

An Act relating to compulsory liability insurance; amending 47 O.S. 2011, Section 7-600.2, which relates to the online verification system; removing requirement to issue citation if no security form is produced; modifying requirement to issue citations; requiring law enforcement officer to access the online verification system if no security verification form is produced; prohibiting issuance of citation if security is established; requiring issuance of citation under certain circumstances; amending 47 O.S. 2011, Section 7-606, as last amended by Section 10, Chapter 54, O.S.L. 2015 (47 O.S. Supp. 2015, Section 7-606), which relates to penalties for failure to maintain and provide proof of insurance or security; removing certain unlawful acts; providing that if an officer obtains certain online verification there shall be no violation of the Compulsory Insurance Law; amending 47 O.S. 2011, Section 7-601.1, which relates to security verification forms; authorizing approval of security verification forms in electronic and paper format; and providing an effective date.

SUBJECT: Compulsory liability insurance

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 47 O.S. 2011, Section 7-600.2, is amended to read as follows:

Section 7-600.2 A. The Department of Public Safety shall promulgate and adopt, pursuant to the Administrative Procedures Act, rules for an online verification system for motor vehicle liability policies as required by the Compulsory Insurance Law, subject to the following:

1. The Oklahoma Tax Commission and the Insurance Department shall cooperate with the Department of Public Safety in the development of the verification system;

2. The verification system shall be accessible through the Internet, World Wide Web or a similar proprietary or common carrier electronic system by authorized personnel of the Department, the Tax Commission, the courts, law enforcement personnel, and any other entities authorized by the Department;

3. The verification system shall provide for direct inquiry and response between the Department and insurance carriers, or such other method of inquiry and response as agreed to by the Department and individual insurance carriers, and direct access to insurers' records by personnel authorized by the Department;

4. The verification system shall be available twenty-four (24) hours a day to verify the insurance status of any vehicle registered in this state through the vehicle's identification number, policy number, registered owner's name or other identifying characteristic or marker as prescribed by the Department in its rules;

5. The Department may contract with a private vendor to assist in establishing and maintaining the verification system;

6. The verification system shall include appropriate provisions, consistent with industry standards, to secure its data against unauthorized access and to maintain a record of all information requests;

7. Information contained in the verification system shall not be considered a public record;

8. Any law enforcement officer, to establish compliance with the Compulsory Insurance Law during a traffic stop or accident investigation, shall access information from the online verification system to verify the current validity of the policy described on a security verification form produced by the operator of each motor vehicle during the traffic stop or accident investigation. If

compliance is not confirmed for the policy described on the security verification form produced by the operator and a subsequent investigation conducted by the officer verifies that the operator is not in compliance ~~or if no security verification form is produced,~~ the officer ~~shall~~ may issue a citation to the operator for failure to comply with the Compulsory Insurance Law;

9. If the operator fails to produce the security verification form during a traffic stop or accident investigation, the requesting law enforcement officer shall access information from the online verification system through the vehicle's identification number, registered owner's name or other identifying characteristic or marker to verify valid and current security and establish compliance with the Compulsory Insurance Law and shall not issue a citation if valid and current security is established. If the operator fails to produce the security verification form and compliance is not confirmed through the online verification system, the officer may issue a citation to the operator for failure to comply with the Compulsory Insurance Law;

10. Establishing compliance with the Compulsory Insurance Law through the online verification system shall not be the primary cause for law enforcement to stop a motor vehicle; and

~~9.~~ 11. All information exchanged between the Department and insurance companies, any database created, and all reports, responses, or other information generated for the purposes of the verification system shall not be subject to the Oklahoma Open Records Act.

B. This section shall not apply to a policy issued pursuant to paragraph 3 of subsection A of Section 7-601.1 of this title or paragraph 3 of subsection A of Section 7-602 of this title to insure a commercial motor vehicle or to insure any vehicle under a commercial policy that provides commercial auto coverage as defined in Section 7-600 of this title.

C. As a condition for writing motor vehicle liability policies in this state, insurance carriers shall cooperate with the Department in establishing and maintaining the insurance verification system and shall provide access to motor vehicle insurance policy status information as provided in the rules of the Department.

SECTION 2. AMENDATORY 47 O.S. 2011, Section 7-606, as last amended by Section 10, Chapter 54, O.S.L. 2015 (47 O.S. Supp. 2015, Section 7-606), is amended to read as follows:

Section 7-606. A. 1. An owner or operator who fails to comply with the Compulsory Insurance Law, ~~or who fails to produce for inspection a valid and current security verification form or equivalent form which has been issued by the Department of Public Safety upon request of any peace officer, representative of the Department of Public Safety or other authorized person,~~ shall be guilty of a misdemeanor and upon conviction shall be subject to a fine of not more than Two Hundred Fifty Dollars (\$250.00), or imprisonment for not more than thirty (30) days, or by both such fine and imprisonment, and, in addition thereto, shall be subject to suspension of the driving privilege of the person in accordance with Section 7-605 of this title; provided, that if a requesting law enforcement officer verifies valid and current security and compliance with the Compulsory Insurance Law through the online verification system, there shall be no violation of the Compulsory Insurance Law and no citation shall be issued. Upon issuing a citation under this paragraph, the law enforcement officer issuing the citation may:

- a. seize the vehicle being operated by the person and cause the vehicle to be towed and stored as provided by subsection ~~B~~ A of Section 955 of this title, if the officer has probable cause to believe that the vehicle is not insured as required by the Compulsory Insurance Law of this state, or
- b. seize the license plate of the vehicle and issue the citation to the vehicle operator, provided that the vehicle is in a drivable condition at the time of issuing the citation. A copy of the citation retained by the owner or operator of the vehicle shall serve as the temporary license plate of the vehicle for up to ten (10) calendar days after the issuance of the citation. After ten (10) calendar days, the vehicle shall not be used until the vehicle operator or owner completes the requirements to retrieve the license plate.
 - (1) After the issuance of the citation, the law enforcement agency issuing the citation shall, within three (3) days, deposit the license plate

and deliver a copy of the citation to the county sheriff's office of the county where the violation has occurred. The county sheriff's office shall provide the plan administrator with the seized license plate number. The plan administrator shall maintain a database including all seized license plates and shall submit such information to the Oklahoma Tax Commission.

- (2) The vehicle owner or operator may retrieve the license plate from the county sheriff's office upon providing verification of compliance with the Compulsory Insurance Law, payment in full of an administrative fee of One Hundred Twenty-five Dollars (\$125.00) to the county sheriff's office and payment in full of the citation to the court clerk. The county sheriff's office shall transfer the administrative fee to the Plan Administrator. The Plan Administrator shall notify the Oklahoma Tax Commission that the vehicle owner or operator is in compliance with this division and shall distribute the administrative fee as follows:
 - (a) Twenty Dollars (\$20.00) of the fee shall be distributed to the county sheriff's office to defray any expenses involved in the storage of the license plate,
 - (b) Seventy Dollars (\$70.00) of the fee shall be transferred to the law enforcement agency which issued the citation and may be used for any lawful purpose,
 - (c) Twenty-five Dollars (\$25.00) of the fee shall be transferred to the Temporary Insurance Premium Pool, and
 - (d) the Plan Administrator shall retain Ten Dollars (\$10.00) of the fee.
- (3) The county sheriff's office may dispose of any unclaimed license plate after ninety (90) days according to applicable state law. After the license plate has been disposed of by the county

sheriff's office, the operator or owner shall be required to obtain a new license plate pursuant to all existing requirements.

If the operator of the vehicle produces what appears to be a valid security verification form and the officer is unable to confirm compliance through the online verification system or noncompliance by a subsequent investigation, the officer shall be prohibited from seizing the license plate or seizing the vehicle and causing such vehicle to be towed and stored. Further, no vehicle shall be seized and towed under the provisions of this paragraph if the vehicle is displaying a temporary license plate that has not expired pursuant to the provisions of Sections 1137.1 and 1137.3 of this title.

2. An owner other than an owner of an antique or a classic automobile as defined by the Oklahoma Tax Commission who files an affidavit that a vehicle shall not be driven upon the public highways or public streets, pursuant to Section 7-607 of this title, who drives or permits the driving of the vehicle upon the public highways or public streets, shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than Five Hundred Dollars (\$500.00), or imprisonment for not more than thirty (30) days, or by both such fine and imprisonment, and in addition thereto, shall be subject to suspension of the driving privilege of the person in accordance with Section 7-605 of this title.

B. A sentence imposed for any violation of the Compulsory Insurance Law may be suspended or deferred in whole or in part by the court.

C. Any person producing proof in court that a current security verification form or equivalent form which has been issued by the Department of Public Safety reflecting liability coverage for the person was in force at the time of the alleged offense shall be entitled to dismissal of the charge. If proof of security verification is presented to the court by no later than the business day preceding the first scheduled court appearance date, the dismissal shall be without payment of court costs. The court may access information from the online verification system to confirm liability coverage. The court shall not dismiss the fine unless proof that liability coverage for the person was in force at the time of the alleged offense is presented to the court.

D. Upon conviction or bond forfeiture, the court clerk shall forward an abstract to the Department of Public Safety within five (5) days reflecting the action taken by the court.

E. For purposes of this section, "court" means any court in this state.

SECTION 3. AMENDATORY 47 O.S. 2011, Section 7-601.1, is amended to read as follows:

Section 7-601.1 A. Every carrier, upon issuing an owner's policy, a renewal thereof, or a binder, shall supply a security verification form in duplicate to an owner for each insured vehicle on a form approved by the Insurance Commissioner.

1. The owner's security verification form shall contain the following minimum information:

- a. the name, address, and the five-digit National Association of Insurance Commissioners (NAIC) company code of the carrier,
- b. the name, address, and telephone number of the agent or office where the existence of security may be verified, if other than the carrier,
- c. the name of the named insured; provided, the address of the named insured shall not be included,
- d. a notice that an owner's liability insurance policy has been issued pursuant to the Compulsory Insurance Law,
- e. the year of manufacture, make, model, and the vehicle identification number of each insured motor vehicle,
- f. the inclusive dates the motor vehicle liability insurance is in effect,
- g. the policy number, and
- h. a warning to the owner that state law:
 - (1) requires a current copy of the owner's security verification form must be surrendered to the

motor license agent or other registering agency upon application or renewal for a motor vehicle license plate,

(2) requires the other copy of the owner's security verification form to be carried in the motor vehicle at all times, and produced by any driver of the vehicle upon request for inspection by any peace officer or representative of the Department of Public Safety. In case of an accident, the security verification form shall be shown upon request of any person affected by the accident, and

i. the statement: "Examine policy exclusions carefully. This form does not constitute any part of your insurance policy."

2. When a carrier issues an owner's policy providing blanket liability coverage for a fleet of motor vehicles, the requirement for year of manufacture, make, model, and the vehicle identification number specified in subparagraph e of paragraph 1 of this subsection may be omitted, provided the security verification form shall bear the term "Fleet Coverage" and otherwise meet the provisions of the Compulsory Insurance Law.

3. In the event the effective dates within an owner's policy exceed one (1) year, the carrier shall furnish the owner a copy of the owner's security verification form at least annually in addition to the time of issuance or renewal in order for the owner to submit the copy for motor vehicle registration purposes.

4. In the event an owner's policy also provides liability coverage which meets the requirements of an operator's policy, the carrier may also issue to each person entitled thereto an operator's security verification form as provided in this section.

B. Every carrier, upon issuing an operator's policy, a renewal thereof, or a binder, may issue to the insured person a written operator's security verification form of a size which may conveniently be carried upon the person, containing the following minimum information:

1. The name, address of the carrier, and the five-digit National Association of Insurance Commissioners (NAIC) company code;

2. The name, address, and telephone number of the person or office where an inquiry may be made to verify the existence of security;

3. The name of the named insured; provided, the address of the named insured shall not be included;

4. A notice that in accordance with the Compulsory Insurance Law, liability coverage has been issued for the named insured;

5. A statement reflecting the form may be carried in lieu of an owner's form pursuant to the Compulsory Insurance Law while operating a motor vehicle. The form shall be produced upon request of any peace officer or representative of the Department of Public Safety. In case of an accident, the form shall be shown upon request of a person affected by an accident with a vehicle operated by the insured;

6. The inclusive dates of liability coverage; and

7. The policy number.

C. A carrier may provide any additional information consistent with the Compulsory Insurance Law of this state in an owner's or operator's security verification form but shall not be required to list the actual amounts of liability coverage thereon. The security verification form shall not constitute nor be construed as any part of an insurance policy, renewal or binder.

D. A carrier shall designate on the security verification form whether the policy is a commercial auto policy.

E. The Insurance Department may approve security verification forms in electronic format and paper format.

SECTION 4. This act shall become effective November 1, 2016.

Passed the House of Representatives the 1st day of March, 2016.

Jack Torrey
Presiding Officer of the House
of Representatives

Passed the Senate the 12th day of April, 2016.

Eddie Fisher
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 13th
day of April, 20 16, at 4:10 o'clock P M.
By: Audrey Rockwell

Approved by the Governor of the State of Oklahoma this 19th
day of April, 20 16, at 3:12 o'clock P M.

Mary Fallin
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 19th
day of April, 2016, at 4:05 o'clock P. M.
By: Chris Benz