

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

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

SENATE BILL 488

By: Senator J. Woods
By: Representative Neal

For An Act To Be Entitled

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

Subtitle

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

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

SECTION 1. Arkansas Code Title 23, Chapter 89, Subchapter 2, is amended to add an additional section to read as follows:

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

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

(1) Issued by:

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

(B) Another state;

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

or

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Issued by:

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

(B) Another state;

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

or

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

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

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

(1) Nonpayment of premium;

(2) The named insured or any driver of the insured vehicle ~~shall be convicted of:~~

(A) ~~Driving~~ Is convicted of driving while intoxicated;

(B) ~~Homicide~~ Is convicted of homicide or assault arising out of the use of a motor vehicle; or

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

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

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

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

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

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

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

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

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