

1 **SENATE FLOOR VERSION**

2 March 31, 2016

3 ENGROSSED HOUSE
4 BILL NO. 2473

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

5 and

6 Stanislawski of the Senate

7
8
9 An Act relating to compulsory liability insurance;
10 amending 47 O.S. 2011, Section 7-600.2, which relates
to the online verification system; removing
11 requirement to issue citation if no security form is
produced; modifying requirement to issue citations;
12 requiring law enforcement officer to access the
online verification system if no security
13 verification form is produced; prohibiting issuance
of citation if security is established; requiring
14 issuance of citation under certain circumstances;
amending 47 O.S. 2011, Section 7-606, as last amended
15 by Section 10, Chapter 54, O.S.L. 2015 (47 O.S. Supp.
2015, Section 7-606), which relates to penalties for
16 failure to maintain and provide proof of insurance or
security; removing certain unlawful acts; providing
17 that if an officer obtains certain online
verification there shall be no violation of the
18 Compulsory Insurance Law; amending 47 O.S. 2011,
Section 7-601.1, which relates to security
19 verification forms; authorizing approval of security
verification forms in electronic and paper format;
20 providing an effective date.

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

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

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

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

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

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

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

24

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

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

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

9 8. Any law enforcement officer, to establish compliance with
10 the Compulsory Insurance Law during a traffic stop or accident
11 investigation, shall access information from the online verification
12 system to verify the current validity of the policy described on a
13 security verification form produced by the operator of each motor
14 vehicle during the traffic stop or accident investigation. If
15 compliance is not confirmed for the policy described on the security
16 verification form produced by the operator and a subsequent
17 investigation conducted by the officer verifies that the operator is
18 not in compliance ~~or if no security verification form is produced,~~
19 the officer ~~shall~~ may issue a citation to the operator for failure
20 to comply with the Compulsory Insurance Law-;

21 9. If the operator fails to produce the security verification
22 form during a traffic stop or accident investigation, the requesting
23 law enforcement officer shall access information from the online
24 verification system through the vehicle's identification number,

1 registered owner's name or other identifying characteristic or
2 marker to verify valid and current security and establish compliance
3 with the Compulsory Insurance Law and shall not issue a citation if
4 valid and current security is established. If the operator fails to
5 produce the security verification form and compliance is not
6 confirmed through the online verification system, the officer may
7 issue a citation to the operator for failure to comply with the
8 Compulsory Insurance Law;

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

12 ~~9.~~ 11. All information exchanged between the Department and
13 insurance companies, any database created, and all reports,
14 responses, or other information generated for the purposes of the
15 verification system shall not be subject to the Oklahoma Open
16 Records Act.

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

23 C. As a condition for writing motor vehicle liability policies
24 in this state, insurance carriers shall cooperate with the

1 Department in establishing and maintaining the insurance
2 verification system and shall provide access to motor vehicle
3 insurance policy status information as provided in the rules of the
4 Department.

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

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

3 a. seize the vehicle being operated by the person and
4 cause the vehicle to be towed and stored as provided
5 by subsection ~~B~~ A of Section 955 of this title, if the
6 officer has probable cause to believe that the vehicle
7 is not insured as required by the Compulsory Insurance
8 Law of this state, or

9 b. seize the license plate of the vehicle and issue the
10 citation to the vehicle operator, provided that the
11 vehicle is in a drivable condition at the time of
12 issuing the citation. A copy of the citation retained
13 by the owner or operator of the vehicle shall serve as
14 the temporary license plate of the vehicle for up to
15 ten (10) calendar days after the issuance of the
16 citation. After ten (10) calendar days, the vehicle
17 shall not be used until the vehicle operator or owner
18 completes the requirements to retrieve the license
19 plate.

20 (1) After the issuance of the citation, the law
21 enforcement agency issuing the citation shall,
22 within three (3) days, deposit the license plate
23 and deliver a copy of the citation to the county
24 sheriff's office of the county where the

1 violation has occurred. The county sheriff's
2 office shall provide the plan administrator with
3 the seized license plate number. The plan
4 administrator shall maintain a database including
5 all seized license plates and shall submit such
6 information to the Oklahoma Tax Commission.

7 (2) The vehicle owner or operator may retrieve the
8 license plate from the county sheriff's office
9 upon providing verification of compliance with
10 the Compulsory Insurance Law, payment in full of
11 an administrative fee of One Hundred Twenty-five
12 Dollars (\$125.00) to the county sheriff's office
13 and payment in full of the citation to the court
14 clerk. The county sheriff's office shall
15 transfer the administrative fee to the Plan
16 Administrator. The Plan Administrator shall
17 notify the Oklahoma Tax Commission that the
18 vehicle owner or operator is in compliance with
19 this division and shall distribute the
20 administrative fee as follows:

21 (a) Twenty Dollars (\$20.00) of the fee shall be
22 distributed to the county sheriff's office
23 to defray any expenses involved in the
24 storage of the license plate,

1 (b) Seventy Dollars (\$70.00) of the fee shall be
2 transferred to the law enforcement agency
3 which issued the citation and may be used
4 for any lawful purpose,

5 (c) Twenty-five Dollars (\$25.00) of the fee
6 shall be transferred to the Temporary
7 Insurance Premium Pool, and

8 (d) the Plan Administrator shall retain Ten
9 Dollars (\$10.00) of the fee.

10 (3) The county sheriff's office may dispose of any
11 unclaimed license plate after ninety (90) days
12 according to applicable state law. After the
13 license plate has been disposed of by the county
14 sheriff's office, the operator or owner shall be
15 required to obtain a new license plate pursuant
16 to all existing requirements.

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

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

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

18 C. Any person producing proof in court that a current security
19 verification form or equivalent form which has been issued by the
20 Department of Public Safety reflecting liability coverage for the
21 person was in force at the time of the alleged offense shall be
22 entitled to dismissal of the charge. If proof of security
23 verification is presented to the court by no later than the business
24 day preceding the first scheduled court appearance date, the

1 dismissal shall be without payment of court costs. The court may
2 access information from the online verification system to confirm
3 liability coverage. The court shall not dismiss the fine unless
4 proof that liability coverage for the person was in force at the
5 time of the alleged offense is presented to the court.

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

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

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

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

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

19 a. the name, address, and the five-digit National
20 Association of Insurance Commissioners (NAIC) company
21 code of the carrier,

22 b. the name, address, and telephone number of the agent
23 or office where the existence of security may be
24 verified, if other than the carrier,

1 c. the name of the named insured; provided, the address
2 of the named insured shall not be included,

3 d. a notice that an owner's liability insurance policy
4 has been issued pursuant to the Compulsory Insurance
5 Law,

6 e. the year of manufacture, make, model, and the vehicle
7 identification number of each insured motor vehicle,

8 f. the inclusive dates the motor vehicle liability
9 insurance is in effect,

10 g. the policy number, ~~and~~

11 h. a warning to the owner that state law:

12 (1) requires a current copy of the owner's security
13 verification form must be surrendered to the
14 motor license agent or other registering agency
15 upon application or renewal for a motor vehicle
16 license plate,

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

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

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

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

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

22 B. Every carrier, upon issuing an operator's policy, a renewal
23 thereof, or a binder, may issue to the insured person a written
24 operator's security verification form of a size which may

1 conveniently be carried upon the person, containing the following
2 minimum information:

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

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

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

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

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

19 6. The inclusive dates of liability coverage; and

20 7. The policy number.

21 C. A carrier may provide any additional information consistent
22 with the Compulsory Insurance Law of this state in an owner's or
23 operator's security verification form but shall not be required to
24 list the actual amounts of liability coverage thereon. The security

1 verification form shall not constitute nor be construed as any part
2 of an insurance policy, renewal or binder.

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

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

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

8 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE
9 March 31, 2016 - DO PASS

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