

(MARKED UP VERSION OF PROPOSED RULE)

RULE 2024-2
ACT 804 OF 2023 – IMPLEMENTATION RULE

Pursuant to the authority granted by Act 804 of 2023, and in compliance with the requirements thereof, the Secretary of the Arkansas Department of Finance and Administration hereby promulgates the following rule.

SECTION I. TAXICABS AND FOR-HIRE VEHICLES – LIABILITY INSURANCE
REQUIREMENTS

1. DEFINITIONS – As used in Rule I of these rules:
 - a. “Affiliated person” means an officer, director, or partner of an applicant as well as any other person owning or controlling more than five percent (5%) of an applicant’s debt or equity;
 - b. “Applicant” means an entity engaged in the business of operating a taxicab but does not include an entity providing services under the Transportation Network Company Services Act, Ark. Code Ann. § 23-13-701 et seq;
 - c. “Disclosure Statement” means a notarized, written statement by the applicant containing:
 - i. A complete list of business names or identities under which the applicant has previously operated a business engaged in carrying passengers for hire;
 - ii. A complete list of names used by affiliated persons or owner(s) of the applicant entity within the previous ten (10) years;
 - iii. The case style, case number, or a copy of a judgment entered, or lien filed against the applicant or any affiliated person; and
 - iv. The case style, case number, or copy of pleadings of any bankruptcy proceeding in which the applicant or an affiliated person was named as a debtor or a discharge of a debt against the applicant or an affiliated person was obtained;
 - d. “Secretary” means the Secretary of the Arkansas Department of Finance and Administration; and
 - e.
 - i. “Taxicab” means an automobile or similar vehicle used for hire;
 - ii. “Taxicab” does not include an entity providing services under the Transportation Network Company Services Act, Ark. Code Ann. § 23-13-701 et seq.
2. PROOF OF LIABILITY INSURANCE
 - a. The Secretary shall not issue a license or registration for a taxicab or other vehicle used for hire unless one of the following is provided to the Secretary prior to licensing or registration:
 - i. A liability contract of insurance issued to the vehicle owner; or
 - ii. A certificate of insurance issued to the owner.
 - b. The owner of a taxicab shall not operate, use, or allow the operation or use of a taxicab on the streets, roads, or highways within this state unless proof of liability insurance is provided to the Secretary as required by Rule (I)(2)(a) of these Rules.
 - c. A liability contract of insurance or certificate of insurance provided to the Secretary as required by Rule (I)(2)(a) of these Rules shall:
 - i. Be substantially in the form of the standard liability insurance policy in customary use;

- ii. Be approved by the Secretary;
- iii. Be issued by an insurance company licensed to do business in Arkansas;
- iv. Secure payment for personal injuries to any person or damage to their property caused by the operation of a taxicab used for hire;
- v. Secure payment for personal injuries and for damage to property for at least the minimum amounts required for liability insurance under the Motor Vehicle Safety Responsibility Act, Ark. Code Ann. § 27-19-101 et seq.;
- vi. Not be required to secure payment for personal injuries to employees or joint venturers of the taxicab owner; and
- vii. Not be required to secure payment for damage to property owned by, rented to, leased to, in charge of, or transported by the owner, other than baggage of passengers.

3. POLICY CANCELLATION

- a. A liability contract or certificate of insurance shall not be canceled by either the taxicab owner, or the insurance carrier, unless written notice of cancellation has been mailed to the Secretary.
- b. The notice provided under Rule (I)(3)(a) of these Rules shall state the exact time and date of cancellation which shall not be less than seven (7) days from the date of mailing.
- c. The mailing of notice under Rule (I)(3)(a) of these Rules shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period.

4. BOND IN LIEU OF LIABILITY CONTRACT OR CERTIFICATE OF INSURANCE

- a. In lieu of a liability contract or certificate of insurance, a taxicab owner may file a bond from a solvent surety company licensed to do business in Arkansas.
- b. A bond provided under Rule (I)(4)(a) of these Rules shall:
 - i. Be in the form approved by the Secretary;
 - ii. Be in an amount not less than two hundred and fifty thousand dollars (\$250,000) for all claims for the taxicab owner or operator's fleet; and
 - iii. Not be required to provide uninsured motorist coverage.
- c. If a bond becomes insufficient for any reason, the taxicab owner or operator shall have seven (7) days to restore it to the full amount or shall be required to provide a liability contract or certificate of insurance.

5. DISCLOSURE STATEMENT

- a. An applicant shall annually file a disclosure statement with the Secretary.
- b. The annual disclosure statement shall be submitted in writing and shall be signed by the owner or an officer of the applicant.
- c. The annual disclosure statement shall be mailed to the Secretary at the following address:
Department of Finance and Administration
Online Insurance
P.O. Box 1272
Little Rock, AR 72203

Or by email at: mv.onlineinsurance@dfa.arkansas.gov

SECTION II. SELF-INSURANCE

1. DEFINITIONS – As used in Rule II of these rules:
 - a. “Office” means the Office of Motor Vehicle of the Department of Finance and Administration; and
 - b. “Person” means someone in whose name more than twenty-five (25) vehicles are registered in this state or any political subdivision or municipality of this state, individually or collectively.

2. REQUIREMENTS
 - a. In lieu of providing proof of liability insurance under the Motor Vehicle Safety Responsibility Act, Ark. Code Ann. § 27-19-101 et seq., a person or a religious denomination may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the Secretary of the Department of Finance and Administration.
 - b. The Secretary shall not issue a certificate of self-insurance unless:
 - i. A person or religious denomination has more than twenty-five (25) vehicles registered in their name in this state; and
 - ii. In the case of a religious denomination, the denomination:
 1. Prohibits its members from purchasing insurance of any form as being contrary to its religious tenets; or
 2. Shares liability among its members for liability insurance purposes, in which case the religious denomination is considered an insurer for motor vehicle liability insurance purposes.

3. ANNUAL APPLICATION
 - a. The person or religious denomination seeking to qualify as a self-insurer shall annually apply for issuance of a Certificate of Self-Insurance from the Office.
 - b. The application described in Rule (II)(3)(a) of these Rules shall:
 - i. Be filed on a form prescribed by the Office; and
 - ii. Shall provide proof of the applicant’s ability to pay judgments against them.

4. ISSUANCE OF SELF-INSURANCE CERTIFICATE
 - a. The Office may issue a certificate of self-insurance when it is satisfied that the applicant now possesses and will continue to possess the ability to pay judgments against them.
 - b. Once issued, the certificate of self-insurance authorizes the applicant to act as a self-insurer for either property damage or bodily injury, or both.
 - c. A taxicab or similar vehicle used for hire as described in Ark. Code Ann. § 27-14-1501 or Rule I of these rules shall not be a self-insurer.

5. CANCELLATION OF SELF-INSURANCE CERTIFICATE
 - a. The Office may cancel a certificate of self-insurance if it finds that reasonable grounds exist for cancellation.
 - b. A certificate of self-insurance shall not be cancelled unless the Office provides notice of the intended action at least five (5) days prior to taking any action and provides the certificate holder with an opportunity for a hearing to consider the holder’s objections to the proposed action.

- c. Failure to pay any judgment within thirty (30) days after the judgment is final constitutes reasonable ground for the cancellation of a certificate of self-insurance.

Issued this _____ day of July in the City of Little Rock, Pulaski County, Arkansas.

Jim Hudson, Secretary
Department of Finance and Administration