

THE HOUSE OF REPRESENTATIVES
Monday, March 2, 2009

Committee Substitute for
House Bill No. 2013

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2013 - By: MILLER, LIEBMANN
AND PETERS of the House and ALDRIDGE of the Senate.

An Act relating to motor vehicles; amending 47 O.S. 2001, Sections 7-600, Section 1, Chapter 322, O.S.L. 2006, as last amended by Section 2, Chapter 335, O.S.L. 2008, 7-601.1 and Section 5, Chapter 322, O.S.L. 2006, as amended by Section 15, Chapter 326, O.S.L. 2007 (47 O.S. Supp. 2008, Sections 7-600.2 and 7-612), which relate to compulsory liability insurance requirements; providing definition for certain term; directing Department of Public Safety to adopt rules for online verification of liability policies; providing exception to online verification system for commercial policies; deleting certain cooperation requirement for license plate designs; requiring certain information be obtained and included on security verification forms; requiring certain information be designated on security verification forms; modifying scope of certain prohibited act; and providing an effective date.

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

- 1 SECTION 1. AMENDATORY 47 O.S. 2001, Section 7-600, is amended to read
2 as follows:
3 Section 7-600. As used in ~~Section~~ Sections 7-600 ~~et seq.~~ through 7-612 of this title:
4 1. "Owner's policy". An owner's policy of liability insurance:
5 a. shall designate by explicit description or by appropriate reference all
6 vehicles with respect to which coverage is thereby to be granted,

- 1 b. shall insure the person named therein and insure any other person,
2 except as provided in subparagraph c of this paragraph, using an
3 insured vehicle with the express or implied permission of the named
4 insured, against loss from the liability imposed by law for damages
5 arising out of the ownership, maintenance, operation or use of such
6 vehicle,
7 c. may provide for exclusions from coverage in accordance with existing
8 laws, and
9 d. shall be issued by an authorized carrier providing coverage in
10 accordance with Section 7-204 of this title.

11 2. "Operator's policy". An operator's policy of liability insurance shall insure the
12 named person against loss from the liability imposed upon the named person by law for
13 damages arising out of the operation or use by the named person of any motor vehicle not
14 owned by the named person, subject to the same limits of liability required in an owner's
15 policy.

16 3. "Security". Security means:

- 17 a. a policy or bond meeting the requirements of Section 7-204 of this title,
18 b. a deposit of cash or securities having the equivalency of limits required
19 under Section 7-204 of this title as acceptable limits for a policy or
20 bond,

1 c. self-insurance, pursuant to the provisions of Section 7-503 of this title,
2 having the equivalency of limits required under Section 7-204 of this
3 title as acceptable limits for a policy or bond, or
4 d. for vehicles registered pursuant to the provisions of Section 1127 of
5 this title, a policy or bond meeting or exceeding the requirements of
6 Section 7-204 of this title; provided, the policy or bond may be issued
7 by an insurance company or surety company authorized to do business
8 in the state of residence or domicile of the member of the Armed Forces
9 and the motor license agent or other registering agency shall accept
10 the security verification form issued by such insurance company or
11 surety company.

12 4. "Compulsory Insurance Law". Compulsory Insurance Law is the law requiring
13 liability insurance in conjunction with the operation of a motor vehicle in this state as
14 found in ~~Section~~ Sections 7-600 et seq. through 7-612 of this title.

15 5. "Security verification form". A security verification form is a form, approved by
16 the Insurance Commissioner, verifying the existence of security required by the
17 Compulsory Insurance Law of the State of Oklahoma.

18 6. "Commercial auto coverage". Commercial auto coverage is any coverage
19 provided to an insured, regardless of number of vehicles or entity covered, under a
20 commercial auto, garage or truckers coverage form or rated from either a commercial
21 manual or rating rule as filed and approved by the Insurance Department. Vehicle type

1 and ownership are not necessarily the primary factors in either underwriting the
2 coverage or rating the coverage.

3 SECTION 2. AMENDATORY Section 1, Chapter 322, O.S.L. 2006, as last
4 amended by Section 2, Chapter 335, O.S.L. 2008 (47 O.S. Supp. 2008, Section 7-600.2), is
5 amended to read as follows:

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

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

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

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

20 4. The verification system shall be available twenty-four (24) hours a day to verify
21 the insurance status of any vehicle registered in this state through the vehicle's

1 identification number, policy number, registered owner's name or other identifying
2 characteristic or marker as prescribed by the Department in its rules;

3 5. The Department shall conduct a pilot project to test the system prior to
4 statewide use;

5 6. The verification system shall be installed and operational no later than July 1,
6 2008, following an appropriate testing period and after December 31, 2009, the
7 verification system shall be installed and operational through the Internet as a web-
8 based portal system;

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

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

14 9. Information contained in the verification system shall not be considered a public
15 record;

16 10. Any law enforcement officer, during a traffic stop or accident investigation, may
17 access information from the online verification system to establish compliance with the
18 Compulsory Insurance Law and to verify the current validity of the policy described on a
19 security verification form and produced by the operator of a motor vehicle during the
20 traffic stop or accident investigation; and

21 11. All information exchanged between the Department and insurance companies,
22 any database created, and all reports, responses, or other information generated for the

1 purposes of the verification system shall not be subject to the Oklahoma Open Records
2 Act.

3 B. This section shall not apply to a policy issued pursuant to paragraph 3 of
4 subsection A of Section 7-601.1 of this title or paragraph 3 of subsection A of Section 7-
5 602 of this title to insure a commercial motor vehicle or to insure any vehicle under a
6 commercial policy that provides commercial auto coverage as defined in Section 7-600 of
7 this title.

8 C. Insurance carriers shall cooperate with the Department in establishing and
9 maintaining the insurance verification system and shall provide access to motor vehicle
10 insurance policy status information as provided in the ~~Department's~~ rules of the
11 Department.

12 ~~D. The Oklahoma Tourism and Recreation Department shall cooperate with the~~
13 ~~Department of Public Safety to assure any license plate designs which are created in~~
14 ~~consultation with their Department shall incorporate features which assist in the~~
15 ~~effective implementation of the on-line verification system.~~

16 SECTION 3. AMENDATORY 47 O.S. 2001, Section 7-601.1, is amended to
17 read as follows:

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

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

- 1 a. the name ~~and~~, address of the carrier and the five-digit National
2 Association of Insurance Commissioners (NAIC) company code,
3 b. the name ~~and~~, address and telephone number of the agent or office
4 where the existence of security may be verified, if other than the
5 carrier,
6 c. the name of the named insured,
7 d. a notice that an owner's liability insurance policy has been issued
8 pursuant to the Compulsory Insurance Law of this state,
9 e. the year of manufacture, make, model and ~~at least the last three (3)~~
10 ~~digits~~ of the vehicle identification number of each insured motor
11 vehicle,
12 f. the inclusive dates the motor vehicle liability insurance is in effect, ~~and~~
13 g. the policy number, and
14 h. a warning to the owner that state law:
15 (1) requires a current copy of the owner's security verification form
16 must be surrendered to the motor license agent or other
17 registering agency upon application or renewal for a motor
18 vehicle license plate,
19 (2) requires the other copy of the owner's security verification form
20 to be carried in the motor vehicle at all times, and produced by
21 any driver of the vehicle upon request for inspection by any
22 peace officer or representative of the Department of Public

1 Safety. In case of a collision, the security verification form shall
2 be shown upon request of any person affected by the collision.
3 The security verification form shall not include the address of
4 the named insured.

5 2. The owner's security verification form shall contain the following statement:
6 "Examine policy exclusions carefully. This form does not constitute any part of your
7 insurance policy."

8 3. When a carrier issues an owner's policy providing blanket liability coverage for a
9 fleet of motor vehicles, the year of manufacture, make and at least the last three (3)
10 digits of the vehicle identification number specified in subparagraph e of paragraph 1 of
11 this subsection may be deleted. The security verification form shall bear the term "Fleet
12 Coverage" and otherwise meet the provisions of ~~Section~~ Sections 7-600 et seq. through 7-
13 612 of this title.

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

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

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

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

3 1. The name ~~and~~, address of the carrier and the five-digit NAIC company code;

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

6 3. The name of the named insured;

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

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

14 6. The inclusive dates of liability coverage; and

15 7. The policy number.

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

19 The security verification form shall not constitute nor be construed as any part of an
20 insurance policy, renewal or binder.

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

1 SECTION 4. AMENDATORY Section 5, Chapter 322, O.S.L. 2006, as amended
2 by Section 15, Chapter 326, O.S.L. 2007 (47 O.S. Supp. 2008, Section 7-612), is amended
3 to read as follows:

4 Section 7-612. A. It is a misdemeanor for any person:

5 1. To purchase a security verification form which bears altered or fictitious
6 information concerning the existence of security required by the Compulsory Insurance
7 Law;

8 2. To display or cause or permit to be displayed or to possess a security verification
9 form which the person knows bears altered or fictitious information concerning the
10 existence of security required by the Compulsory Insurance Law; or

11 3. To display or cause or permit to be displayed or to possess any security
12 verification form that is counterfeit.

13 B. It is a felony for anyone, other than an ~~insurance carrier~~ insurer or insurance
14 producer as defined by Section 1435.2 of Title 36 of the Oklahoma Statutes, to:

15 1. Create or otherwise manufacture a security verification form or facsimile thereof,
16 or to create, manufacture or possess an engraved plate or other such device for the
17 printing of security verification forms; or

18 2. Issue or sell security verification forms.

19 C. 1. The violation of any of the provisions of subsection A of this section shall
20 constitute a misdemeanor punishable by a fine of not less than Twenty-five Dollars
21 (\$25.00), nor more than Two Hundred Fifty Dollars (\$250.00) and by mandatory
22 suspension of the person's driving privilege and vehicle registration for:

- 1 a. two (2) months, for a first offense,
- 2 b. six (6) months, for a second offense, or
- 3 c. one (1) year, for a third or subsequent offense.

4 The suspension imposed under this subsection shall not be modified.

5 2. The violation of any of the provisions of subsection B of this section shall
6 constitute a felony punishable by a fine not exceeding Ten Thousand Dollars (\$10,000.00)
7 or a term of imprisonment in the custody of the Department of Corrections not to exceed
8 seven (7) years, or by both such fine and imprisonment.

9 D. The suspension required in subsection C of this section shall remain in effect
10 until payment is made of the fees provided for in Section 6-212 of this title and proof of
11 security is furnished to the Department of Public Safety which complies with the
12 requirements of Section 7-601 of this title. Suspension under this section shall be
13 effective when notice is given pursuant to Section 2-116 of this title.

14 E. Any person whose driving privilege and registration have been suspended
15 pursuant to the provisions of subsection C of this section shall surrender to the
16 Department his or her driver license and the license plate of any motor vehicle registered
17 in his or her name and not covered by security within thirty (30) days from the date of
18 the suspension. Any owner failing to surrender his or her driver license or license plate
19 or plates to the Department within such time shall pay a fee of Fifty Dollars (\$50.00)
20 which shall be in addition to the fees provided for in Section 6-212 of this title.

21 SECTION 5. This act shall become effective November 1, 2009.

1 COMMITTEE REPORT BY: COMMITTEE ON PUBLIC SAFETY, dated 02-26-09 - DO
2 PASS, As Amended.