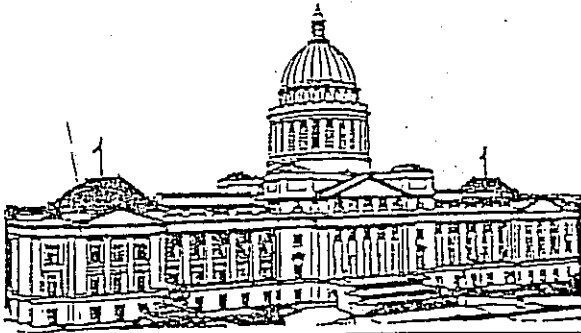


ARKANSAS REGISTER

Transmittal Sheet



Sharon Priest
Secretary of State
State Capitol Rm. 01
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 7/23/98 Code Number 006.05.98--019

Name of Agency Department of Finance & Administration

Department Revenue Division

Contact Person Don Zern Phone 682-7751

Statutory Authority for Promulgating Rules Ark. Code Ann. 26-18-301

	Date
Intended Effective Date	<u>4/6/98</u>
<input checked="" type="checkbox"/> Emergency	Legal Notice Published <u>9/30/98</u>
<input type="checkbox"/> 10 Days After Filing	Final Date for Public Comment <u>7/23/98</u>
<input type="checkbox"/> Other	Filed With Legislative Council <u>7/23/98</u>
	Reviewed by Legislative Council <u>7/23/98</u>
	Adopted by State Agency <u>7/23/98</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended.

Don Zern
Signature

682-7751
Phone Number

Information Officer
Title

July 23, 1998
Date

FILED
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SECRETARY OF STATE
STATE OF ARKANSAS

EMERGENCY REGULATION 1998-3

This regulation is necessary in order to enforce Section 4 of Act 991 of 1997.

A. REPORTING REQUIREMENTS -

Any insurance company that provides motor vehicle liability insurance coverage required under Ark. Code Ann. § 27-22-104(a) must report their motor vehicle insurance policies to the Revenue Division, Department of Finance and Administration. Any insurance company required to report must provide to the Revenue Division a record of each motor vehicle insurance policy issued or canceled by their company as of the previous month.

1. All reports shall be provided to the Revenue Division through any means of electronic or electro-magnetic medium available to and approved by the Department. Any insurance company determined by the Revenue Division to be a small or low volume insurance company shall be excluded from the electronic reporting requirement, but shall report in another method approved by the Department.
2. All reports shall include:
 - a. The name and address of the insured operator;
 - b. The make, year, and vehicle identification number of each insured vehicle; and
 - c. The policy number, effective date, or cancellation date of each policy.
3. All reports must have an accuracy rate of at least seventy six percent (76%).
 - a. Upon receipt of a report from an insurance company having a twenty five percent (25%) or more error rate, the Revenue Division shall notify the insurance company in writing of the reporting problem.
 - b. If the Department receives reports from a company for two consecutive reporting periods having a twenty five percent (25%) or more error rate, a penalty may be assessed by the Department.
 - c. "Error" is defined as a record which is returned with one or more error code fields containing an error code as listed on page 34 of Exhibit "A" to this regulation, except for error code "RD" (record duplicates). Errors may be the result of incorrect or missing information, or may be technical field edit errors as listed on pages 19 - 23 of Exhibit "A."
 - d. The contents of the Insurance Verification and Notification Network Procedure Manual (Exhibit "A") to this regulation are incorporated verbatim into this regulation.

B. PENALTY ASSESSMENTS

1. A penalty may be assessed of up to two hundred and fifty dollars (\$250.00) per day against any insurance company that fails to report the information described in A. before the seventh day of each calendar month. The assessment may continue until the Department receives a report from the company. An insurance company just starting business in Arkansas shall be allowed

one complete reporting period before penalties are imposed.

2. A penalty may be assessed of up to two hundred and fifty dollars (\$250.00) per day against any insurance company sending reports with error rates of twenty five percent (25%) or more for two (2) consecutive reporting periods. The assessment may continue until the Department receives a report from the company with a seventy six percent (76%) or greater accuracy rate.

C. RIGHT TO HEARING -

Any insurance company assessed a penalty under this regulation may request an administrative hearing before the Board of Hearings and Appeals of the Department of Finance and Administration. Any requests for administrative hearings should be made in writing to the Director of the Department of Finance and Administration within 30 days of receipt of the assessment. The provisions of the Administrative Procedures Act (Ark. Code Ann. § 25-15-101) shall apply to such hearings. If the insurance company establishes that the failure to comply with this regulation was inadvertent, accidental, outside of the control of the company or the result of excusable neglect, the penalty may be waived.

Issued this 23rd day of July, 1998



Tim Leathers, Acting Director
Department of Finance
and Administration

STATEMENT OF IMMINENT PERIL

Act 991 of 1997 amended various provisions of the Arkansas Code concerning the requirement that motor vehicle owners provide proof of liability insurance coverage before registering a vehicle. Section 5 of Act 991 of 1997, codified at Ark. Code Ann. § 27-14-414, requires the Revenue Division of the Department of Finance and Administration to create and administer the Vehicle Insurance Database in order to verify compliance with the motor vehicle liability insurance laws of Arkansas.

Beginning January 1, 1998, Section 4 of Act 991 of 1997, codified at Ark. Code Ann. § 27-24-107, requires that each insurance company providing motor vehicle liability insurance coverage required under subsection (a) of § 27-22-104 before the seventh day of each calendar month provide to the Revenue Division, Department of Finance and Administration, a record of each motor vehicle insurance policy in effect as of the previous month that was issued by the insurance company. Section 4(c) of Act 991 of 1997, codified at Ark. Code Ann. § 27-22-107(c) authorizes the Department of Finance and Administration to assess a penalty against each insurance company of up to two hundred and fifty dollars (\$250.00) for each day the insurance company fails to comply with the reporting requirement. Section 4(d) of Act 991 of 1997, codified at Ark. Code Ann. § 27-22-107(d), requires the Department of Finance and Administration to promulgate necessary rules and regulations for the administration of this section. Emergency Regulation 1998-3 provides the rules and procedures the Department of Finance and Administration needed for the assessment of penalties against insurance companies that do not provide the necessary information.

In order for the Department of Finance and Administration to begin enforcing Section 4 of Act 991 of 1997, it is necessary that Emergency Regulation 1998-3 be effective immediately.

Issued this 23rd of July, 1998



Tim Leathers, Acting Director
Department of Finance
and Administration

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