

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
John Thurston
500 Woodlane Street, Suite 026
Little Rock, Arkansas 72201-1094
(501) 682-5070
www.sos.arkansas.gov



Name of Department Office of Motor Vehicle
Agency or Division Name Department of Finance and Administration
Other Subdivision or Department, If Applicable _____
Previous Agency Name, If Applicable _____
Contact Person Paul Gehring
Contact E-mail paul.gehring@dfa.arkansas.gov
Contact Phone 501-682-7030

Name of Rule Taxicab Liability Insurance and Self-Insurance Certification for Certain Persons and Religious Denominations
Newspaper Name Arkansas Democrat Gazette
Date of Publishing August 18, 2024 - August 20, 2024
Final Date for Public Comment September 18, 2024
Location and Time of Public Meeting September 18, 2024 at 9:00 a.m. in the basement conference room B401 of the Joel Y. Ledbetter Building, 1816 West 7th Street, Little Rock, Arkansas _____

(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 26th day of August in the City of Little Rock, Pulaski County, Arkansas.

A handwritten signature in blue ink, appearing to read "J. Hudson", is written over a horizontal line.

Jim Hudson, Secretary
Department of Finance and Administration

RULE 2024-2
ACT 804 OF 2023 – IMPLEMENTATION RULE

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1. DEFINITIONS – As used in Rule I of these rules:
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 - 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.
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- 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
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Little Rock, AR 72203

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

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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 26th day of August in the City of Little Rock, Pulaski County, Arkansas.

A handwritten signature in black ink, appearing to read "Jim Hudson", is written over a horizontal line.

Jim Hudson, Secretary
Department of Finance and Administration

**QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT Department of Finance and Administration
BOARD/COMMISSION _____
BOARD/COMMISSION DIRECTOR _____
CONTACT PERSON Paul Gehring, Assistant Commissioner of Revenue - Policy & Legal
ADDRESS P.O. Box 1272 - Room 2380, Little Rock, AR 72203
PHONE NO. (501) 682-7030 **EMAIL** paul.gehring@dfa.arkansas.gov
NAME OF PRESENTER(S) AT SUBCOMMITTEE MEETING
Paul Gehring, Assistant Commissioner of Revenue - Alicia Austin Smith, Chief Counsel
PRESENTER EMAIL(S) paul.gehring@dfa.arkansas.gov - alicia.austin.smith@dfa.arkansas.gov

INSTRUCTIONS

In order to file a proposed rule for legislative review and approval, please submit this Legislative Questionnaire and Financial Impact Statement, and attach (1) a summary of the rule, describing what the rule does, the rule changes being proposed, and the reason for those changes; (2) both a markup and clean copy of the rule; and (3) all documents required by the Questionnaire.

If the rule is being filed for permanent promulgation, please email these items to the attention of Rebecca Miller-Rice, miller-ricer@blr.arkansas.gov, for submission to the Administrative Rules Subcommittee.

If the rule is being filed for emergency promulgation, please email these items to the attention of Director Marty Garrity, garritym@blr.arkansas.gov, for submission to the Executive Subcommittee.

Please answer each question completely using layman terms.

1. What is the official title of this rule?
Taxicab Liability Insurance and Self-Insurance Certification for Certain Persons and Religious Denominations
2. What is the subject of the proposed rule? Liability Insurance for Taxicab Operators and Self-Insurance
3. Is this rule being filed under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☒

If yes, please attach the statement required by Ark. Code Ann. § 25-15-204(c)(1).

If yes, will this emergency rule be promulgated under the permanent provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☐

4. Is this rule being filed for permanent promulgation? Yes ☒ No ☐

If yes, was this rule previously reviewed and approved under the emergency provisions of the Arkansas Administrative Procedure Act? Yes ☐ No ☒

If yes, what was the effective date of the emergency rule? _____

On what date does the emergency rule expire? _____

5. Is this rule required to comply with a *federal* statute, rule, or regulation? Yes ☐ No ☒

If yes, please provide the federal statute, rule, and/or regulation citation.

6. Is this rule required to comply with a *state* statute or rule? Yes ☒ No ☐

If yes, please provide the state statute and/or rule citation.

This rule is required to be promulgated by Section 4 of Act 804 of 2023.

7. Are two (2) rules being repealed in accord with Executive Order 23-02? Yes ☐ No ☒

If yes, please list the rules being repealed.

If no, please explain.

The Department is requesting an exception from the Governor's Office. The Department is required to promulgate this rule under Act 804 of 2023 and is unable to identify two rules of the Office of Motor Vehicle for repeal.

8. Is this a new rule? Yes ☒ No ☐

Does this repeal an existing rule? Yes ☐ No ☒

If yes, the proposed repeal should be designated by strikethrough. If it is being replaced with a new rule, please attach both the proposed rule to be repealed and the replacement rule.

Is this an amendment to an existing rule? Yes ☐ No ☒

If yes, all changes should be indicated by strikethrough and underline. In addition, please be sure to label the markup copy clearly as the markup.

9. What is the state law that grants the agency its rulemaking authority for the proposed rule, outside of the Arkansas Administrative Procedure Act? Please provide the specific Arkansas Code citation(s), including subsection(s).

Ark. Code Ann. §§ 25-8-102 and 27-19-402

10. Is the proposed rule the result of any recent legislation by the Arkansas General Assembly?
Yes ☒ No ☐

If yes, please provide the year of the act(s) and act number(s).

Act 804 of 2023

11. What is the reason for this proposed rule? Why is it necessary?

Section 4 of Act 804 of 2023 requires the Department to promulgate this rule to provide the procedures for an operator of taxicabs or vehicles for hire to provide proof of liability insurance and submit an annual disclosure statement containing information required under the Act. The rule also provides the procedure that a self-insurer will follow to obtain a certificate of self-insurance from the Department.

12. Please provide the web address by which the proposed rule can be accessed by the public as provided in Ark. Code Ann. § 25-19-108(b)(1).

<https://www.dfa.arkansas.gov/news>

13. Will a public hearing be held on this proposed rule? Yes ☒ No ☐

If yes, please complete the following:

Date: 09/18/2024

Time: 9:00 am

Place: DFA Ledbetter Building, 1816 West Seventh Street, Little Rock, AR 72203

Please be sure to advise Bureau Staff if this information changes for any reason.

14. On what date does the public comment period expire for the permanent promulgation of the rule?

Please provide the specific date. 09/18/2024

15. What is the proposed effective date for this rule? October 1, 2024 or upon legislative approval

16. Please attach (1) a copy of the notice required under Ark. Code Ann. § 25-15-204(a)(1) and (2) proof of the publication of that notice.

17. Please attach proof of filing the rule with the Secretary of State, as required by Ark. Code Ann. § 25-15-204(e)(1)(A).

18. Please give the names of persons, groups, or organizations that you anticipate will comment on these rules. Please also provide their position (for or against), if known.

Undetermined at this time.

19. Is the rule expected to be controversial? Yes ☐ No ☒

If yes, please explain.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT Department of Finance and Administration

BOARD/COMMISSION _____

PERSON COMPLETING THIS STATEMENT Paul Gehring, Assistant Commissioner of Revenue

TELEPHONE NO. (501) 682-7030 **EMAIL** paul.gehring@dfa.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE Taxicab Liability Insurance and Self-Insurance Certification for Certain Persons and Religious

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes ☐ No ☒
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If no, please explain:

(a) how the additional benefits of the more costly rule justify its additional cost;

(b) the reason for adoption of the more costly rule;

(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation? *Not applicable.*

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00 _____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00 _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00 _____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total \$0.00 _____

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year

\$ 0.00 _____

Next Fiscal Year

\$ 0.00 _____

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ 0.00 _____

Next Fiscal Year

\$ 0.00 _____

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☒

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.



STATE OF ARKANSAS
**Department of Finance
and Administration**

**Assistant Commissioner of Revenue
POLICY AND LEGAL**

1816 West Seventh Street - Suite 2380
Post Office Box 1272
Little Rock, Arkansas 72203-1272
Phone: (501) 682-7030
Fax: (501) 682-7599
<http://www.dfa.arkansas.gov>

July 26, 2024

EXECUTIVE SUMMARY

**PROPOSED RULE REGARDING TAXICAB LIABILITY INSURANCE AND
SELF-INSURANCE CERTIFICATION FOR CERTAIN PERSONS AND RELIGIOUS DENOMINATIONS**

The Department of Finance and Administration (the "Department") is requesting the Governor's review of the proposed new rule regarding the implementation of Act 804 of 2023.

1. Background

Pursuant to Act 804 of 2023, the Department is mandated to promulgate rules to administer new taxicab licensing liability insurance requirements. The rule would also implement new procedures that certain persons and religious denominations would follow to obtain a certificate of self-insurance from the Department.

2. Key Points

The proposed rule:

- Adds necessary definitions;
- Provides clarification on the procedure an operator of a taxicab or vehicle for hire must follow for submitting proof of liability insurance to the Department;
- Provides clarification on the procedure an operator of a taxicab or vehicle for hire must follow to submit the required annual disclosure statement to the Department; and
- Details the procedure certain persons and religious denominations must follow to obtain a certificate of self-insurance from the Department.

3. Discussion

Act 804 of 2023 amended the liability insurance requirements imposed under Ark. Code Ann. § 27-14-1501, *et seq* on a business that operates taxicabs or similar vehicles used for hire. Act 804 also amended the self-insurance requirements of Ark. Code Ann. § 27-19-107 for certain individuals and religious organizations by requiring those persons to annually: (1) apply for a certificate of self-insurance; and (2) provide the Department with proof of their ability to pay judgments against them. These requirements of Act 804 are incorporated into the proposed rule.

Arkansas Code Annotated § 27-14-1501(a)(1) prohibits the issuance of a license to any taxicab, automobile, or similar vehicle used for hire unless a liability contract or certificate of insurance issued to the owner of the vehicle is filed with the Department. It also prohibits the operation of such vehicles upon any Arkansas streets, roads, or highways for the purpose of carrying passengers for hire unless proof of liability contract or certificate of insurance is provided to the Department.

Arkansas Code Annotated § 27-14-1503(d) requires an applicant to annually file a disclosure statement with the Department. The disclosure statement must be in writing, notarized, and contain a complete list of business names or identities under which the applicant has previously operated a business engaged in carrying passengers for hire, a complete list of names used by affiliated persons or owner of the applicant entity within the previous ten years, the case style, case number, or a copy of judgment entered or lien filed against the applicant or an affiliated person, and the case style, case number, or a copy of pleadings of any bankruptcy proceedings 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.

Arkansas Code Annotated § 27-19-107 allows certain persons and religious denominations to obtain a certificate of self-insurance from the Department in lieu of providing proof of liability insurance. Act 804 of 2023 required those owners to annually apply for a certificate of self-insurance and provide the Department with proof of their ability to pay judgments against them.

4. Recommendation

The Department recommends the proposed rule be approved.

Legal Notice

In compliance with Act 434 of 1967, the Arkansas Administrative Procedure Act, as amended, notice is hereby given that the Department of Finance and Administration intends to adopt Rule 2024-2, titled "Taxicab Liability Insurance and Self-Insurance Certification for Certain Persons and Religious Denominations." The purpose of this rule is to provide the procedures for an operator of taxicabs or vehicles for hire to provide proof of liability insurance and submit an annual disclosure statement as required by Act 804 of 2023. The rule also provides the procedure that a self-insurer must follow to obtain a certificate of self-insurance from the Department.

The public hearing will be held September 18, 2024 at 9:00 a.m. in the basement conference room B401 of the Joel Y Ledbetter Building, 1816 West 7th Street, Little Rock, Arkansas. All interested parties may attend and present their views on the proposed rule. Written comments may be mailed to the Department of Finance and Administration, P.O. Box 1272, Room 2380, Little Rock, Arkansas 72203. Additionally, comments may be submitted at public.comment@dfa.arkansas.gov.

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