

Motor Vehicle Division Policy Memo # 20-01

Administrative Rule Updates - Electronic Submission of Certain Proof of Financial Responsibility Forms

DATE: January 10, 2020

FROM: Sara Siedsma, Compliance Officer, MVD

TO: All Motor Carrier Services staff, Driver and Identification Services staff, Iowa County Treasurers and County Treasurer's staff the issue driver's licenses and non-operator's identification cards

SUBJECT

This policy memo explains an update to administrative rule chapters 761—524, For-Hire Intrastate Motor Carrier Authority and 761—640, Financial Responsibility.

SUMMARY

The update to these rule chapters update our rules regarding the submission of certain proof of financial responsibility forms by insurance companies. We already allow (but do not require) insurance companies to submit the following proof of financial responsibility forms to us electronically: SR-22, SR-23, SR-26 and Motor Carrier Insurance Forms E and K.

With the adoption of these administrative rule changes, insurance companies will be required to submit forms SR-22, SR-23, SR-26 and Motor Carrier Insurance Forms E and K to us using one of our electronic submission options beginning July 1, 2021.

Until July 1, 2021, insurance companies may still submit the forms to us using current paper-based submission methods, including via facsimile, but we highly encourage these companies to begin working towards implementing the electronic submission process as we will no longer accept paper copies of these forms from insurance companies beginning July 1, 2021.

The administrative rule amendments are effective January 8, 2020; but the date insurance companies are required to submit the above-referenced proof of financial responsibility forms to us using one of our electronic submission options is July 1, 2021.

LINK TO ADMINISTRATIVE RULES

<https://www.legis.iowa.gov/docs/aco/arc/4803C.pdf>

HELPFUL QUESTIONS AND ANSWERS

The following questions and answers provide additional clarification which will be helpful to you and to customers.

WHY IS THIS RULE BEING ADOPTED?

This rule is being adopted because we have offered the ability for an insurance company to submit required proof of financial responsibility forms to us electronically for several years, however, not all companies have volunteered to use the electronic submission process. Some

companies have indicated that until the electronic submission process was a requirement, they would continue to submit these forms to us via paper, most often by fax. Using the electronic process will help reduce the administrative burden for our staff processing the SR forms and will also apply the proof of financial responsibility to the customer's record for the SR forms much faster. Eventually, we will also be working on programming to allow Forms E & K to be applied to the customer's record automatically, further reducing the administrative burden for staff processing those forms. Finally, using an electronic submission process is overall more efficient and secure than using a paper-based process.

DOES THIS RULE CHANGE MEAN THAT I WON'T HAVE TO WORK SR-22, SR-23, SR-26 FORMS OUT OF A QUEUE ANY LONGER?

Programming has been completed to apply these forms directly to the customer's record when submitted through the electronic submission process. However, there will still be a queue for these forms to handle the paper submissions we will continue to receive until July 1, 2021 as well as after that date because some electronically submitted policies will reject to the queue and will require manual review.

WHAT DOES THIS RULE CHANGE MEAN FOR PROCESSING OF FORMS E & K?

Motor Carrier Services staff currently do not process Forms E & K out of queue in ERMS. However, as more companies begin submitting Forms E & K through the electronic submission process, those forms will be placed in a queue in ERMS to be processed. Motor Carrier Services staff will be receiving training on how to work the queue that will hold these forms in the near future.

WHY IS THERE SUCH A LONG DELAY BETWEEN THE RULES BEING CHANGED AND THE ACTUAL DATE WE WILL STOP ACCEPTING PAPER SUBMISSIONS FROM INSURANCE COMPANIES?

In recognizing that this requirement will be a business process change for many insurance companies, the July 1, 2021 date was selected to offer insurance companies a generous amount of time to switch over from the paper-based submission process to the electronic submission process. Many of these companies must request and prioritize IT changes to switch to this process, and we wanted to allow them plenty of time come into compliance with the new rule.

WHAT ARE THE TWO ELECTRONIC SUBMISSION OPTIONS AN INSURANCE COMPANY MAY USE?

Our currently available electronic submission process consists of two options:

- The first option is a Trusted Third Party (TPA) website. The website solution is designed for low-volume submitters who may not have technical staff or may not otherwise be in the position to dedicate the resources to implement an end to end solution. The website offers the functionality of submitting filings by the each, much like submitting the filing by paper, except using the website offers the additional security and efficient-processing that is not available in the paper process.

- The second option is a web service application program interface (API) that allows an insurance company's computer system to directly communicate with our computer system (known as ARTS). The web service solution is designed for high-volume submitters or for those companies that have the technical staff and resources to dedicate to integrating our API into their existing computer systems. The web service contains several validation checks against data submitted and provides the insurance company computer system with success/error feedback. To ease the implementation process, we have developed guidance documentation for integrating with our web service API.

WHO SHOULD AN INSURANCE COMPANY CONTACT TO LEARN MORE ABOUT THE REQUIREMENTS AND THE TWO ELECTRONIC SUBMISSION OPTIONS?

Any inquiries regarding the electronic submission process may be sent to driver.insurancesupport@iowadot.us

WHAT IF A CUSTOMER APPEARS AT THE COUNTER WITH A PAPER COPY OF THEIR REQUIRED PROOF OF FINANCIAL RESPONSIBILITY FORM AFTER JULY 1, 2021, DO I TURN THEM AWAY?

No. Our practice has always been *not* to turn away a customer from our counter who has brought with them a paper copy of their required proof of financial responsibility form, and that practice is not changing with the adoption of this rule change. *We will continue to accept paper copies of required proof of financial responsibility forms from our customers at the counter both now and after July 1, 2021.*

WHAT IF AN INSURANCE COMPANY SUBMITS A PAPER COPY OF A REQUIRED PROOF OF FINANCIAL RESPONSIBILITY FORM COVERED BY THIS RULE AFTER JULY 1, 2021?

The rules state that after July 1, 2021, we will no longer accept paper copies of required proof of financial responsibility forms submitted by an insurance company. Therefore, if you receive a paper copy or fax copy of an SR-22 form, for example, after July 1, 2021, please work with a member of the DIS records staff to alert the insurance company of the requirement to utilize the electronic submission process. If a motor carrier staff person receives a paper or fax copy of a Form E or Form K after July 1, 2021, they will want to alert the insurance company of the requirement to utilize the electronic submission process.

DOES THIS RULE CHANGE APPLY TO FINANCIAL RESPONSIBILITY FORMS OTHER THAN SR-22, SR-23, SR-26 AND MOTOR CARRIER INSURANCE FORMS E AND K?

No. The electronic submission requirement adopted by this rule only applies to financial responsibility forms SR-22, SR-23, SR-26 and Motor Carrier Insurance Forms E and K.