

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

Page 1 of 1

ALL Districts

The Texas Transportation Commission (commission) finds it necessary to propose amendments to §18.2, §18.13, §18.14, §18.16, and §18.32, relating to motor carriers, to be codified under Title 43, Texas Administrative Code, Part 1.

The preamble and the proposed amendments, attached to this minute order as Exhibits A - D, are incorporated by reference as though set forth at length verbatim in this minute order.

IT IS THEREFORE ORDERED by the commission that the amendments to § 18.2, §18.13, §18.14, §18.16, and §18.32 are proposed for adoption and are authorized for publication in the *Texas Register* for the purpose of receiving public comments.

The executive director is directed to take the necessary steps to implement the actions as ordered in this minute order, pursuant to the requirements of the Administrative Procedure Act, Government Code, Chapter 2001.

Submitted and reviewed by:

Carol Davis  
Director, Motor Carrier Division

Recommended by:

M. W. Behrens  
Executive Director

**110579 JUN 29 06**

Minute Number      Date Passed

1 Proposed Preamble

2 The Texas Department of Transportation (department) proposes  
3 amendments to §18.2, §18.13, §18.14, §18.16, and §18.32  
4 concerning motor carrier definitions, registration, records, and  
5 inspections.

6

7 EXPLANATION OF PROPOSED AMENDMENTS

8 The proposed amendments are necessary to implement the  
9 provisions of House Bill 2702 of the 79th Legislature, Regular  
10 Session, 2005. House Bill 2702, Article 6, amended  
11 Transportation Code, §643.051, Registration Requirements, to  
12 require all household good movers to register as motor carriers  
13 regardless of the weight of the vehicles they operate. The bill  
14 also deleted the alternative registration requirements for  
15 household goods carriers under Transportation Code, §643.153,  
16 Motor Carriers Transporting Household Goods. All household  
17 goods carriers must now register under the general motor carrier  
18 registration regardless of the size of vehicles they operate.  
19 The statutory changes eliminated the need for "Type A" and "Type  
20 B" household goods carrier classifications.

21

22 These amendments were initially proposed November 17, 2005,  
23 along with other rules regarding motor carrier registration  
24 issues. These amendments were removed from the rules as adopted  
25 during the April 27, 2006, Texas Transportation Commission

1 (commission) meeting to allow the department time to further  
2 study the issue of minimum vehicle liability insurance  
3 requirements for household goods carriers who operate vehicles  
4 weighing 26,000 pounds or less. However, due to a clerical  
5 error the language filed with the *Texas Register* on April 28,  
6 2006, for §18.16(a) Figure 1 was not amended to reflect the  
7 language adopted by the commission. The language in Figure 1,  
8 regarding the minimum liability insurance level for household  
9 goods carriers under 26,000 pounds was not approved by the  
10 commission and is not being enforced by the department. The  
11 language now being proposed for Figure 1 is the same language  
12 that is currently published in 43 TAC §18.16(a).

13  
14 To study the minimum liability insurance issues, the department  
15 has contacted other states, gathered insurance information,  
16 reviewed traffic accident studies, contacted the Texas  
17 Department of Public Safety and the Department of Insurance  
18 regarding vehicle loss records, contacted the Federal Motor  
19 Carrier Safety Administration concerning crash data, collected  
20 data from the National Institute for Occupational Safety and  
21 Health and Insurance Institute for Highway Safety, and conducted  
22 a public hearing. The information gathered from these resources  
23 was used to draft these proposed amendments.

24  
25 Throughout the proposed rules, all references to "Type A" and

1 "Type B" household goods carriers are deleted.

2

3 The definition for "Type B" household goods carrier has been  
4 deleted from §18.2 as it is no longer necessary under  
5 Transportation Code, Chapter 643.

6

7 Amended language in §18.13(i) deletes the reference to the  
8 alternative registration process for Type B carriers. These  
9 alternatives are no longer authorized by the statute due to the  
10 changes in Transportation Code, §643.051 and §643.153.

11

12 Section 18.16(a), relating to automobile liability insurance  
13 requirements, is amended to establish a minimum liability  
14 insurance requirement for vehicles weighing 26,000 pounds or  
15 less that are operated by household goods carriers as required  
16 by the statutory changes. Transportation Code, §643.101  
17 requires that a motor carrier required to register under  
18 Subchapter B shall maintain liability insurance in an amount set  
19 by the department for each vehicle requiring registration the  
20 carrier operates. Pursuant to Transportation Code, §643.101(b),  
21 the department is to consider the class and size of the vehicle  
22 and the persons or cargo transported in setting the insurance  
23 requirement. The rules set the minimum level of liability  
24 insurance for household goods carriers with gross weight of  
25 26,000 pounds or less at \$300,000 combined single limit (CSL).

1 This figure was selected based on the research conducted by the  
2 Motor Carrier Division, which is summarized below.

3  
4 In 1995 the department required motor carriers to maintain a  
5 minimum liability insurance of \$500,000 CSL for commercial  
6 vehicles over 26,000 pounds operated in Texas. Household goods  
7 carriers operating vehicles 26,000 pounds or less were not  
8 required to register as motor carriers under the same provisions  
9 and therefore, the department was not required to establish a  
10 minimum insurance requirement. These types of household goods  
11 carriers were required to maintain the minimum liability  
12 insurance levels required of all vehicles under Transportation  
13 Code, §601.072. Transportation Code, §601.007 exempts vehicles  
14 that are required to register under Transportation Code,  
15 §643.051 from the liability requirements of Transportation Code,  
16 Chapter 601.

17  
18 Pursuant to Transportation Code, Chapter 601, the state mandated  
19 minimum insurance coverage for vehicles that are not required to  
20 register under the motor carrier provisions is \$20,000 for  
21 bodily injury or death to one person, \$40,000 for bodily injury  
22 or death to two or more persons, and \$15,000 for property  
23 damage. This minimum level of insurance is inadequate for a  
24 regulated commercial activity.

25

1 A look at 16 states revealed that only Florida has lower  
2 requirements than the current liability insurance limit for  
3 household goods carriers weighing 26,000 pounds or less.  
4 Several states have set their minimum limits by using the  
5 existing federal requirements. The federal regulations found at  
6 49 CFR §387.303 set the minimum vehicle liability insurance  
7 amounts for motor carriers operating in interstate commerce by  
8 weight of the vehicle. The federal regulations require vehicles  
9 weighing under 10,000 pounds to have a minimum of \$300,000 CSL.  
10 Vehicles weighing over 10,000 pounds have a minimum federal  
11 limit of \$750,000 CSL. The department's proposed rule that  
12 requires household goods carriers operating vehicles weighing  
13 26,000 pounds or less, intrastate only, to carry a \$300,000 CSL  
14 liability insurance policy complies with the state statute which  
15 mandates that the minimum liability levels not exceed the  
16 federal requirements.

17  
18 Large amounts of crash data are available, but the department  
19 was unable to find any accident rate studies specific to  
20 household goods carriers; therefore, very limited financial loss  
21 information is available. National statistics between 1975-2004  
22 support that vehicles weighing 26,000 pounds or less incur as  
23 high an incident rate as do the larger trucks. The Insurance  
24 Institute for Highway Safety shows that while the death rate for  
25 occupants in passenger cars has declined 12% in the last 30

1 years the death rate for occupants in light trucks has increased  
2 57%. This indicates that light trucks are involved in serious  
3 accidents that result in significant loss to the injured party.  
4 The existing minimum liability insurance requirements of  
5 Transportation Code, §601.072, are not sufficient to cover the  
6 costs of the at-fault party involved in a serious accident.

7  
8 As stated the language setting the minimum liability insurance  
9 at \$300,000 was incorrectly included in the adoption filed April  
10 28, 2006. This amendment proposes the same language and  
11 provides the justification for how the minimum liability  
12 insurance level was selected.

13  
14 Proposed amendments to §18.32(c) delete information regarding  
15 where and how Type B household goods carriers must carry  
16 registration certificates.

17  
18 FISCAL NOTE

19 James Bass, Chief Financial Officer, has determined that for  
20 each year of the first five years the amendments as proposed are  
21 in effect, there will be minimal fiscal implications for state  
22 or local governments as a result of enforcing or administering  
23 the amendments. There may be a moderate economic cost for  
24 persons required to comply with the sections as proposed. The  
25 fiscal impact is due to the establishment of a new minimum

1 liability insurance requirement as required by recently enacted  
2 legislation.

3

4 The possible economic cost to persons who are required to comply  
5 with the rule as proposed will be as follows. It is anticipated  
6 that, during the next five fiscal years, annual liability  
7 insurance premiums will be approximately 39% higher than the  
8 current rates. This figure is based on estimates the department  
9 received from insurance agents questioned during the drafting of  
10 the proposed amendments. Due to the many factors that affect  
11 insurance premiums it is difficult to give a firm premium  
12 figure. Some of the factors used to set the insurance premium  
13 include: location, type of vehicle, loss history, financial  
14 strength, longevity of the business, and safety procedures.  
15 Each of these factors can have a substantial impact to either  
16 decrease or increase the actual premium, therefore, the  
17 department's estimate of 39% will not necessarily translate to  
18 the cost of the additional insurance for the entities required  
19 to comply with these provisions. In addition, it is unknown if  
20 these entities currently carry only the minimum liability  
21 insurance required. The department received information during  
22 the public hearing that many household goods carriers maintained  
23 liability insurance in amounts above that required by rule.

24

25 Carol Davis, Director, Motor Carrier Division, has certified

1 that there will be no impact on local economies or overall  
2 employment as a result of enforcing or administering the  
3 amendments.

4

5 PUBLIC BENEFIT

6 Ms. Davis has also determined that for each of the first five  
7 years the sections are in effect, the public benefit anticipated  
8 as a result of enforcing or administering the amendments will be  
9 the implementation of the legislation referenced in this  
10 preamble and increased protection to the traveling public. The  
11 costs involved for those involved in vehicle accidents include  
12 medical expenses and property damage. Additional insurance  
13 coverage is needed to offset the potential economic loss to the  
14 general public involved in an accident with household goods  
15 carriers.

16

17 There will be a moderate economic effect on small businesses.  
18 The department has reviewed the requirements of Government Code,  
19 §2006.002 and has determined that it is not feasible,  
20 considering the purpose of the statute under which these rules  
21 are proposed, to reduce the effect on small and micro-  
22 businesses. Transportation Code, §643.051 was amended to  
23 require all household goods carriers comply with the same motor  
24 carrier registration requirements. To provide an alternative  
25 reporting system, establish a separate compliance process, or

1 exempt small and micro businesses from the requirements would be  
2 in effect returning to the process in place prior to the  
3 statutory change.

4  
5 The insurance estimates obtained by the department show a \$367  
6 increase in the annual liability premium per vehicle as a result  
7 of raising the minimum requirement from \$55,000 CSL to \$300,000  
8 CSL. Based on this figure the department has determined that a  
9 household goods carrier operating three vehicles weighing 26,000  
10 pounds or less will have an approximately \$1,100 annual  
11 increase in liability insurance premiums. A household goods  
12 carrier operating seven vehicles weighing 26,000 pounds or less  
13 will have an approximately \$2,600 annual increase and a carrier  
14 with twenty-five vehicles will have an approximately \$9,200  
15 annual increase in premiums.

16  
17 The cost of complying with the provisions of this rule will  
18 affect both large and small businesses. The costs were  
19 estimated on the insurance premium for each vehicle operated by  
20 the company. Large companies operating vehicles that weigh  
21 26,000 pounds or less will likely see the highest increase in  
22 costs.

23  
24 PUBLIC HEARING

25 Pursuant to the Administrative Procedure Act, Government Code,

1 Chapter 2001, the Texas Department of Transportation will  
2 conduct a public hearing to receive comments concerning the  
3 proposed rules. The public hearing will be held at 9:00 a.m. on  
4 August 1, 2006, in the first floor hearing room of the Dewitt C.  
5 Greer State Highway Building, 125 East 11th Street, Austin,  
6 Texas and will be conducted in accordance with the procedures  
7 specified in 43 TAC §1.5. Those desiring to make comments or  
8 presentations may register starting at 8:30 a.m. Any interested  
9 persons may appear and offer comments, either orally or in  
10 writing; however, questioning of those making presentations will  
11 be reserved exclusively to the presiding officer as may be  
12 necessary to ensure a complete record. While any person with  
13 pertinent comments will be granted an opportunity to present  
14 them during the course of the hearing, the presiding officer  
15 reserves the right to restrict testimony in terms of time and  
16 repetitive content. Organizations, associations, or groups are  
17 encouraged to present their commonly held views and identical or  
18 similar comments through a representative member when possible.  
19 Comments on the proposed text should include appropriate  
20 citations to sections, subsections, paragraphs, etc. for proper  
21 reference. Any suggestions or requests for alternative language  
22 or other revisions to the proposed text should be submitted in  
23 written form. Presentations must remain pertinent to the issues  
24 being discussed. A person may not assign a portion of his or  
25 her time to another speaker. Persons with disabilities who plan

1 to attend this meeting and who may need auxiliary aids or  
2 services such as interpreters for persons who are deaf or  
3 hearing impaired, readers, large print or Braille, are requested  
4 to contact Randall Dillard, Director, Public Information Office,  
5 125 East 11th Street, Austin, Texas 78701-2483, 512/463-8588 at  
6 least two working days prior to the hearing so that appropriate  
7 services can be provided.

8

9 SUBMITTAL OF COMMENTS

10 Written comments on the amendments may be submitted to Carol  
11 Davis, Director, Motor Carrier Division, Texas Department of  
12 Transportation, 125 East 11th Street, Austin, Texas 78701-2483.  
13 The deadline for receipt of comments is 5:00 p.m. on August 14,  
14 2006.

15

16 STATUTORY AUTHORITY

17 The amendments are proposed under Transportation Code, §201.101,  
18 which provides the commission with the authority to establish  
19 rules for the conduct of the work of the department, and more  
20 specifically, Transportation Code, §643.003, which authorizes  
21 the department to adopt rules to administer Chapter 643  
22 regarding motor carrier registration.

23

24 CROSS REFERENCE TO STATUTE

25 Transportation Code, Chapter 643.

1 SUBCHAPTER A. GENERAL PROVISIONS

2 §18.2. Definitions. The following words and terms, when used  
3 in this chapter, shall have the following meanings, unless the  
4 context clearly indicates otherwise.

5 (1) Approved association--A group of household goods  
6 carriers, its agents, or both, that has an approved collective  
7 ratemaking agreement on file with the department under §18.64 of  
8 this chapter.

9 (2) Binding proposal--A formal written offer stating the  
10 exact price for the transportation of specified household goods  
11 and any related services.

12 (3) Certificate of insurance--A certificate prescribed by  
13 and filed with the department in which an insurance carrier or  
14 surety company warrants that a motor carrier for whom the  
15 certificate is filed has the minimum coverage as required by  
16 §18.16 and §18.86 of this chapter.

17 (4) Certificate of registration--A certificate issued by  
18 the department to a motor carrier and containing a unique  
19 number.

20 (5) Certified scale--Any scale designed for weighing  
21 motor vehicles, including trailers or semitrailers not attached  
22 to a tractor, and certified by an authorized scale inspection  
23 and licensing authority. A certified scale may also be a

1 platform-type or warehouse-type scale properly inspected and  
2 certified.

3 (6) Commercial motor vehicle--

4 (A) Includes:

5 (i) any motor vehicle or combination of vehicles with  
6 a gross weight, registered weight, or gross weight rating in  
7 excess of 26,000 pounds, that is designed or used for the  
8 transportation of cargo in furtherance of any commercial  
9 enterprise;

10 (ii) all tow trucks, regardless of the gross weight  
11 rating of the tow truck;

12 (iii) any vehicle, including buses, designed or used  
13 to transport more than 15 passengers, including the driver;

14 (iv) any vehicle used in the transportation of  
15 hazardous materials in a quantity requiring placarding under the  
16 regulations issued under the federal Hazardous Materials  
17 Transportation Act (49 USC, App. §§1801-1813);

18 (v) a commercial motor vehicle, as defined by 49 CFR  
19 §390.5, owned or controlled by a person or entity that is  
20 domiciled in or a citizen of a country other than the United  
21 States; and

22 (vi) any vehicle transporting household goods for  
23 compensation, regardless of the gross weight rating, registered

1 weight or gross weight.

2 (B) Does not include:

3 (i) a farm vehicle with a gross weight, registered  
4 weight, and gross weight rating of less than 48,000 pounds;

5 (ii) cotton vehicles registered under Transportation  
6 Code, §504.505;

7 (iii) a vehicle registered with the Railroad  
8 Commission under [~~Texas~~] Natural Resources Code, §113.131 and  
9 §116.072;

10 (iv) a vehicle transporting liquor under a private  
11 carrier permit issued in accordance with Alcoholic Beverage  
12 Code, Chapter 42;

13 (v) a motor vehicle used to transport passengers and  
14 operated by an entity whose primary function is not the  
15 transportation of passengers, such as a vehicle operated by a  
16 hotel, day-care center, public or private school, nursing home,  
17 or similar organization;

18 (vi) a motor vehicle registered under the Single  
19 State Registration System established under 49 USC §14504 when  
20 operating exclusively in interstate or international commerce;  
21 and

22 (vii) a vehicle operated by a governmental entity.

23 (7) Commercial school bus--A motor vehicle owned by a

1 motor carrier that is:

2 (A) registered under Transportation Code, Chapter 643,  
3 Subchapter B;

4 (B) operated exclusively within the boundaries of a  
5 municipality and used to transport preprimary, primary, or  
6 secondary school students on a route between the students'  
7 residences and a public, private, or parochial school or daycare  
8 facility;

9 (C) operated by a person who holds a driver's license or  
10 commercial driver's license of the appropriate class for the  
11 operation of a school bus;

12 (D) complies with Transportation Code, Chapter 548; and

13 (E) complies with Transportation Code, §521.022.

14 (8) Commission--The Texas Transportation Commission.

15 (9) Consent tow--Any tow of a motor vehicle initiated by  
16 the owner or operator of the vehicle or by a person who has  
17 possession, custody, or control of the vehicle. The term does  
18 not include a tow of a motor vehicle initiated by a peace  
19 officer investigating a traffic accident or a traffic incident  
20 that involves the vehicle.

21 (10) Conspicuous--Written in a size, color, and contrast  
22 so as to be readily noticed and understood.

23 (11) Conversion--A change in an entity's organization

1 that is implemented with a Certificate of Conversion issued by  
2 the Texas Secretary of State under Texas Business Corporation  
3 Act, Article 5.18.

4 (12) Department--Texas Department of Transportation.

5 (13) Director--The director of the Motor Carrier  
6 Division, Texas Department of Transportation.

7 (14) Division--The Motor Carrier Division.

8 (15) DOI--Texas Department of Insurance.

9 (16) Estimate--An informal oral calculation of the  
10 approximate price of transporting household goods.

11 (17) Farmer--A person who operates a farm or is directly  
12 involved in cultivating land or in raising crops or livestock  
13 that are owned by or are under the direct control of that  
14 person.

15 (18) Farm vehicle--Any vehicle or combination of vehicles  
16 controlled or operated by a farmer or rancher being used to  
17 transport agriculture products, farm machinery, and farm  
18 supplies to or from a farm or ranch.

19 (19) Gross weight rating--The maximum loaded weight of  
20 any combination of truck, tractor, and trailer equipment as  
21 specified by the manufacturer of the equipment. If the  
22 manufacturer's rating is unknown, the gross weight rating is the  
23 greater of:

1 (A) the actual weight of the equipment and its lading;  
2 or

3 (B) the maximum lawful weight of the equipment and its  
4 lading.

5 (20) Household goods--Personal property intended  
6 ultimately to be used in a dwelling when the transportation of  
7 that property is arranged and paid for by the householder or the  
8 householder's representative. The term does not include  
9 personal property to be used in a dwelling when the property is  
10 transported from a manufacturing, retail, or similar company to  
11 a dwelling if the transportation is arranged by a manufacturing,  
12 retail, or similar company.

13 (21) Household goods agent--A motor carrier who  
14 transports household goods on behalf of another motor carrier.

15 (22) Household goods carrier--A motor carrier who  
16 transports household goods for compensation or hire in  
17 furtherance of a commercial enterprise.

18 (23) Insurer--A person, including a surety, authorized in  
19 this state to write lines of insurance coverage required by  
20 Subchapter B and Subchapter G of this chapter.

21 (24) Inventory--A list of the items in a household goods  
22 shipment and the condition of the items.

23 (25) Leasing business--A person that leases vehicles

1 requiring registration under Subchapter B of this chapter to a  
2 motor carrier that must be registered.

3 (26) Manager--The manager of the department's Motor  
4 Carrier Division, Motor Carrier Operations Section.

5 (27) Mediation--A non-adversarial form of alternative  
6 dispute resolution in which an impartial person, the mediator,  
7 facilitates communication between two parties to promote  
8 reconciliation, settlement, or understanding.

9 (28) Motor Carrier or carrier--A person that controls,  
10 operates, or directs the operation of one or more vehicles that  
11 transport persons or cargo over a public highway in this state.

12 (29) Motor transportation broker--A person who sells,  
13 offers for sale, or negotiates for the transportation of cargo  
14 by a motor carrier operated by another person or a person who  
15 aids and abets another person in selling, offering for sale, or  
16 negotiating for the transportation of cargo by a motor carrier  
17 operated by another person.

18 (30) Moving services contract--A contract between a  
19 household goods carrier and shipper, such as a bill of lading,  
20 receipt, order for service, or work order, that sets out the  
21 terms of the services to be provided.

22 (31) Multiple user--An individual or business who has a  
23 contract with a household goods carrier and who used the

1 carrier's services more than 50 times within the preceding 12  
2 months.

3 (32) Nonconsent tow--Any tow of a motor vehicle that is  
4 not a consent tow.

5 (33) Not-to-exceed proposal--A formal written offer  
6 stating the maximum price a shipper can be required to pay for  
7 the transportation of specified household goods and any related  
8 services. The offer may also state the non-binding approximate  
9 price. Any offer based on hourly rates must state the maximum  
10 number of hours required for the transportation and related  
11 services unless there is an acknowledgment from the shipper that  
12 the number of hours is not necessary.

13 (34) Principal place of business--A single location that  
14 serves as a motor carrier's headquarters and where it maintains  
15 its operational records or can make them available.

16 (35) Public highway--Any publicly owned and maintained  
17 street, road, or highway in this state.

18 (36) Reasonable dispatch--The performance of  
19 transportation, other than transportation provided under  
20 guaranteed service dates, during the period of time agreed on by  
21 the carrier and the shipper and shown on the shipment  
22 documentation. This definition does not affect the availability  
23 to the carrier of the defense of force majeure.

1           (37) Registration receipt--A receipt issued to the  
2 registrant by its registration state after the requirements of  
3 49 CFR[7] Part 367 have been met.

4           (38) Registration state--A state where the registrant  
5 maintains a valid single state registration as defined in 49  
6 CFR[7] Part 367.

7           (39) Replacement vehicle--A vehicle that takes the place  
8 of another vehicle that has been removed from service.

9           (40) Revocation--The withdrawal of registration and  
10 privileges by the department or a registration state.

11           (41) Shipper--The owner of household goods or the owner's  
12 representative.

13           (42) Short-term lease--A lease of 30 days or less.

14           (43) Single state registration system--The program  
15 established by 49 USC §14504.

16           (44) SOAH--The State Office of Administrative Hearings.

17           (45) State of travel--A state in which a motor carrier  
18 operates motor vehicles subject to the single state registration  
19 system.

20           (46) Substitute vehicle--A vehicle that is leased from a  
21 leasing business and that is used as a temporary replacement for  
22 a vehicle that has been taken out of service for maintenance,  
23 repair, or any other reason causing the temporary unavailability

1 of the permanent vehicle.

2 (47) Suspension--Temporary removal of privileges granted  
3 to a registrant by the department or a registration state.

4 (48) Towing company--A motor carrier that transports  
5 vehicles using a tow truck.

6 (49) Tow--The utilization of a mechanical device used to  
7 winch or otherwise move another vehicle.

8 (50) Tow truck--A motor vehicle equipped with or used in  
9 combination with a mechanical device used to tow, winch, or  
10 otherwise move another vehicle. The following motor vehicles  
11 are not considered tow trucks:

12 (A) a motor vehicle owned and used exclusively by a  
13 governmental entity, including a public school district;

14 (B) a motor vehicle towing:

15 (i) a race car;

16 (ii) a motor vehicle for exhibition; or

17 (iii) an antique motor vehicle;

18 (C) a recreational vehicle towing another vehicle;

19 (D) a motor vehicle used in combination with a tow bar,  
20 tow dolly, or other mechanical device if the vehicle is not  
21 operated in the furtherance of a commercial enterprise; or

22 (E) a motor vehicle that is controlled or operated by a  
23 farmer or rancher and that is used for towing a farm vehicle.

1           ~~[(51) Type B household goods carrier--A household goods~~  
2 ~~carrier that does not use a motor vehicle or combination of~~  
3 ~~vehicles with a gross weight, registered weight, or gross weight~~  
4 ~~rating in excess of 26,000 pounds.]~~

1 SUBCHAPTER B. MOTOR CARRIER REGISTRATION

2 §18.13. Application for Motor Carrier Registration.

3 (a) Form of application. An application for motor carrier  
4 registration must be filed with the department's Motor Carrier  
5 Division and [~~except as provided in subsection (i) of this~~  
6 ~~section,~~] must be in the form prescribed by the director and  
7 must contain, at a minimum, the following information.

8 (1) Business or trade name. The applicant must designate  
9 the business or trade name of the motor carrier.

10 (2) Owner name. If the motor carrier is a sole  
11 proprietorship, the owner must indicate the name and social  
12 security number of the owner. A partnership must indicate the  
13 partners' names, and a corporation must indicate principal  
14 officers and titles.

15 (3) Principal place of business. A motor carrier must  
16 disclose the motor carrier's principal business address. If the  
17 mailing address is different from the principal business  
18 address, the mailing address must also be disclosed.

19 (4) Legal Agent.

20 (A) A Texas-domiciled motor carrier must provide the  
21 name and address of a legal agent for service of process if the  
22 agent is different from the motor carrier.

23 (B) A motor carrier domiciled outside Texas must

1 provide the name and Texas address of the legal agent for  
2 service of process.

3 (C) A legal agent for service of process shall be a  
4 Texas resident, a domestic corporation, or a foreign corporation  
5 authorized to transact business in Texas with a Texas address  
6 for service of process.

7 (5) Description of vehicles. An application must include  
8 a motor carrier equipment report identifying each commercial  
9 motor vehicle that requires registration and that the carrier  
10 proposes to operate. Each commercial motor vehicle must be  
11 identified by its motor vehicle identification number, make,  
12 model year, and type of cargo and by the unit number assigned to  
13 the commercial motor vehicle by the motor carrier. Any  
14 subsequent registration of vehicles must be made under  
15 subsection (e) of this section.

16 (6) Type of motor carrier operations. An applicant must  
17 state if the applicant:

18 (A) proposes to transport passengers, household goods,  
19 or hazardous materials;

20 (B) is a tow truck company that performs nonconsent  
21 tows; or

22 (C) is domiciled in a foreign country.

23 (7) Insurance coverage. An applicant must indicate

1 insurance coverage as required by §18.16 of this subchapter.

2 (8) Safety affidavit. Each motor carrier must complete,  
3 as part of the application, an affidavit stating that the motor  
4 carrier knows and will conduct operations in accordance with all  
5 federal and state safety regulations.

6 (9) Drug-testing certification. Each motor carrier must  
7 certify, as part of the application, that the motor carrier is  
8 in compliance with the drug-testing requirements of 49 C.F.R.  
9 Part 382.

10 (A) Drug-testing consortium participants. If the motor  
11 carrier belongs to a consortium, as defined by 49 C.F.R. Part  
12 382, the applicant must provide the names of the persons  
13 operating the consortium.

14 (B) Report of positive result. A motor carrier  
15 required to register under this section shall report to the  
16 Department of Public Safety, in the manner required by the  
17 Department of Public Safety, a valid positive result on a  
18 controlled substances test performed as part of the carrier's  
19 drug testing program on an employee of the carrier who holds a  
20 commercial driver's license under Transportation Code, Chapter  
21 522. The term "employee" as used in this subparagraph includes  
22 all employees as defined in Title 49, Code of Federal  
23 Regulations, Part 40.3.

1           (10) Duration of registration. An applicant must  
2 indicate the duration of the desired registration. Registration  
3 may be for seven calendar days or for 90 days, one year, or two  
4 years. The duration of registration chosen by the applicant  
5 will be applied to all vehicles. Household goods carriers may  
6 not obtain seven day or 90 day certificates of registration.

7           (11) Additional requirements. The following fees and  
8 information must be submitted with all applications.

9           (A) An application must be accompanied by an  
10 application fee of:

11                 (i) \$100 for annual and biennial registrations;

12                 (ii) \$25 for 90 day registrations; or

13                 (iii) \$5 for seven day registrations.

14           (B) An application must be accompanied by a vehicle  
15 registration fee of:

16                 (i) \$10 for each vehicle, other than a tow truck,  
17 requiring registration or \$25 for each tow truck that the motor  
18 carrier proposes to operate under a seven day, 90 day, or annual  
19 registration; or

20                 (ii) \$20 for each vehicle, other than a tow truck,  
21 requiring registration or \$50 for each tow truck that the motor  
22 carrier proposes to operate under a biennial registration.

23           (C) An application must be accompanied by proof of

1 insurance or financial responsibility and insurance filing fee  
2 as required by §18.16 of this subchapter.

3 (D) An application must be accompanied by any other  
4 information required by law.

5 (12) Application of fees. Applicants who have paid  
6 vehicle fees under §18.17 of this subchapter may request that  
7 the department apply those fees to the carrier's motor carrier  
8 registration. The request must be accompanied by a copy of the  
9 Single State Registration receipt. On review of the Single  
10 State Registration receipt, the department will apply fees paid  
11 under the Single State Registration System as follows.

12 (A) The per vehicle fees paid by the applicant will be  
13 applied on a per vehicle basis toward the vehicle fees that the  
14 applicant owes for the vehicles registered under motor carrier  
15 registration.

16 (B) Vehicle fees will be applied only to the first year  
17 of registration if an applicant applies for a biennial motor  
18 carrier registration. The motor carrier must pay all vehicle  
19 fees for the second year.

20 (b) Incomplete applications. The director will return an  
21 application to the applicant if it is not accompanied by all  
22 fees and by proof of insurance or financial responsibility.

23 (c) Conditional acceptance of application. The director

1 may conditionally accept an application if it is accompanied by  
2 all fees and by proof of insurance or financial responsibility,  
3 but is not accompanied by all required information. Conditional  
4 acceptance in no way constitutes approval of the application.  
5 The director will notify the applicant of any information  
6 necessary to complete the application. If the applicant does  
7 not supply all necessary information within 45 days from  
8 notification by the director, the application will be considered  
9 withdrawn and all fees will be retained.

10 (d) Disposition of application.

11 (1) Approval. An applicant meeting the requirements of  
12 this section and whose registration is approved will be issued  
13 the following documents.

14 (A) Certificate of registration. The department will  
15 issue a certificate of registration. The certificate of  
16 registration will contain the name and address of the motor  
17 carrier and a single registration number, regardless of the  
18 number of vehicles requiring registration that the carrier  
19 operates.

20 (B) Insurance cab card. The department will issue an  
21 original insurance cab card listing all vehicles to be operated  
22 under the carrier's certificate of registration. The insurance  
23 cab card shall be continuously maintained at the registrant's

1 principal place of business. The insurance cab card will be  
2 valid for the same period as the motor carrier's certificate of  
3 registration and will contain information regarding each vehicle  
4 registered by the motor carrier. [~~This subparagraph does not~~  
5 ~~apply to Type B household goods carriers.~~]

6 (i) A copy of the page of the insurance cab card on  
7 which the vehicle is shown shall be maintained in each vehicle  
8 listed. The appropriate information concerning that vehicle  
9 shall be highlighted. The insurance cab card will serve as  
10 proof of insurance as long as the motor carrier has continuous  
11 insurance or financial responsibility on file with the  
12 department.

13 (ii) On demand by a department-certified inspector or  
14 any other authorized government personnel, the driver shall  
15 present the highlighted page of the insurance cab card that is  
16 maintained in the vehicle.

17 (iii) The carrier shall notify the department in  
18 writing if it discontinues use of a registered commercial motor  
19 vehicle before the expiration of its insurance cab card.

20 (iv) Any erasure, alteration, or unauthorized use of  
21 an insurance cab card renders it void.

22 (v) If an original insurance cab card is lost,  
23 stolen, destroyed, or mutilated, if it becomes illegible, or if

1 it otherwise requires replacement, a new insurance cab card will  
2 be issued by the department at the request of the motor carrier.

3 (vi) Registration listings previously issued by the  
4 department will remain valid until expiration or renewal or  
5 until revoked or suspended by the department.

6 (2) Denial. The department may deny a registration if  
7 the applicant had a registration revoked under §18.72 of this  
8 chapter.

9 (e) Additional and Replacement Vehicles. A motor carrier  
10 required to obtain a certificate of registration under this  
11 section shall not operate additional vehicles unless the carrier  
12 identifies the vehicles on a form prescribed by the director and  
13 pays applicable fees as described in this subsection.

14 (1) Additional vehicles. To add a vehicle, a motor  
15 carrier must pay a fee of \$10 for each additional vehicle, other  
16 than a tow truck, or \$25 for each tow truck that the motor  
17 carrier proposes to operate under a seven day, 90 day, or annual  
18 registration. To add a vehicle during the first year of a  
19 biennial registration, a motor carrier must pay a fee of \$20 for  
20 each vehicle, other than a tow truck, or \$50 for each tow truck.  
21 To add a vehicle during the second year of a biennial  
22 registration, a motor carrier must pay a fee of \$10 for each  
23 vehicle, other than a tow truck, or \$25 for each tow truck.

1           (2) Replacement vehicles. No fee is required for a  
2 vehicle that is replacing a vehicle for which the fee was  
3 previously paid. Before the replacement vehicle is put into  
4 operation, the motor carrier shall notify the department,  
5 identify the vehicle being taken out of service, and identify  
6 the replacement vehicle on a form prescribed by the department.  
7 A motor carrier registered under seven day registration may not  
8 replace vehicles.

9           (3) Fees paid under the Single State Registration System.  
10 Vehicle fees paid under §18.17 of this subchapter will be  
11 applied toward a motor carrier's vehicle fees under subsection  
12 (a)(12) of this section.

13           (f) Supplement to original application. A motor carrier  
14 required to register under this section shall submit a  
15 supplemental application under the following circumstances.

16           (1) Change of cargo. A registered motor carrier may not  
17 begin transporting household goods or hazardous materials, or  
18 performing nonconsent tows, unless the carrier submits a  
19 supplemental application to the department and shows the  
20 department evidence of insurance or financial responsibility in  
21 the amounts specified by §18.16 of this subchapter.

22           (2) Change of name. A motor carrier that changes its  
23 name shall file a supplemental application for registration no

1 later than the effective date of the change. The motor carrier  
2 shall include evidence of insurance or financial responsibility  
3 in the new name and in the amounts specified by §18.16 of this  
4 subchapter. A motor carrier that is a corporation must have its  
5 name change approved by the Texas Secretary of State before  
6 filing a supplemental application. A motor carrier incorporated  
7 outside the state [~~State~~] of Texas must complete the name change  
8 under the law of its state of incorporation before filing a  
9 supplemental application.

10 (3) Change of address or legal agent for service of  
11 process. A motor carrier shall file a supplemental application  
12 for any change of address or any change of its legal agent for  
13 service of process no later than the effective date of the  
14 change. The address most recently filed will be presumed  
15 conclusively to be the current address.

16 (4) Change in principal officers and titles. A motor  
17 carrier that is a corporation shall file a supplemental  
18 application for any change in the principal officers and titles  
19 no later than the effective date of the change.

20 (5) Conversion of corporate structure. A motor carrier  
21 that has successfully completed a corporate conversion involving  
22 a change in the name of the corporation shall file a  
23 supplemental application for registration and evidence of

1 insurance or financial responsibility reflecting the new company  
2 name. The conversion must be approved by the Texas Secretary of  
3 State before the supplemental application is filed.

4 (6) Change in drug-testing consortium status. A motor  
5 carrier that changes consortium status shall file a supplemental  
6 application that includes the names of the persons operating the  
7 consortium.

8 (7) Retaining a revoked or suspended certificate of  
9 registration number. A motor carrier may retain a prior  
10 certificate of registration number by:

11 (A) filing a supplemental application to re-register  
12 instead of filing an original application; and

13 (B) providing adequate evidence that the carrier has  
14 satisfactorily resolved the facts that gave rise to the  
15 suspension or revocation.

16 (g) Change of ownership. A motor carrier must file an  
17 original application for registration when there is a corporate  
18 merger or a change in the ownership of a sole proprietorship or  
19 of a partnership.

20 (h) Alternative vehicle registration for household goods  
21 agents. To avoid multiple registrations of a commercial motor  
22 vehicle, a household goods agent's vehicles may be registered  
23 under the motor carrier's certificate of registration under this

1 subsection.

2 (1) The carrier must notify the department on a form  
3 approved by the director of its intent to register its agent's  
4 vehicles under this subsection.

5 (2) When a carrier registers vehicles under this  
6 subsection, the carrier's certificate will include all vehicles  
7 registered under its agent's certificates of registration. The  
8 carrier must register under its certificate of registration all  
9 vehicles operated on its behalf that do not appear on its  
10 agent's certificate of registration.

11 (3) The department may send the carrier a copy of any  
12 notification sent to the agent concerning circumstances that  
13 could lead to denial, suspension, or revocation of the agent's  
14 certificate.

15 (i) ~~[Type B household goods carriers. An application for~~  
16 ~~motor carrier registration submitted by a Type B household goods~~  
17 ~~carrier shall be in the form prescribed by the director.]~~

18 ~~[(1) The carrier's application must contain all the~~  
19 ~~information described in subsection (a) of this section, except~~  
20 ~~for the information specified in subsection (a)(5) and (7) of~~  
21 ~~this section.]~~

22 ~~[(2) The carrier's application must be accompanied by a~~  
23 ~~\$100 application fee.]~~

1           ~~[(3) The carrier's application must be accompanied by~~  
2 ~~proof of financial responsibility for cargo loss or damage and~~  
3 ~~by the filing fee specified in §18.16 of this subchapter.]~~

4           ~~[(4) The carrier's application must include a statement~~  
5 ~~certifying that the carrier:]~~

6           ~~[(A) is in compliance with Transportation Code, Chapter~~  
7 ~~601; and]~~

8           ~~[(B) if the carrier maintains an automobile liability~~  
9 ~~insurance policy to comply with Transportation Code, Chapter~~  
10 ~~601, then the policy is an enforceable commercial or business~~  
11 ~~automobile liability insurance policy.]~~

12           ~~[(5) The department will issue an original certificate of~~  
13 ~~registration, which must be continuously maintained at the~~  
14 ~~registrant's principal place of business.]~~

15           ~~[(6) A carrier shall carry a copy of its certificate of~~  
16 ~~registration either in the cab of each vehicle or in each~~  
17 ~~trailer used for the transportation of household goods.]~~

18           ~~[(7) The carrier shall notify the department in writing~~  
19 ~~when it discontinues operations as a transporter of household~~  
20 ~~goods.]~~

21           ~~[(8) On demand by a department-certified inspector or any~~  
22 ~~other authorized government personnel, the driver shall present~~  
23 ~~the certificate of registration maintained in the vehicle.]~~

1           ~~[(9) The certificate of registration is continuously in~~  
2 ~~effect until suspended or revoked by the department. A motor~~  
3 ~~carrier may voluntarily cancel the certificate of registration~~  
4 ~~by submitting a supplemental application or written request.]~~

5           ~~[(10) Any erasure, alteration, or unauthorized use of a~~  
6 ~~certificate of registration renders it void.]~~

7           ~~[(j)]~~ Substitute vehicles leased from leasing businesses.  
8 A registered motor carrier is not required to comply with the  
9 provisions of subsection (e) of this section for a substitute  
10 vehicle leased from a business registered under §18.19 of this  
11 subchapter. A motor carrier is not required to carry proof of  
12 registration as described in subsection (d) of this section if a  
13 copy of the lease agreement for the originally leased vehicle is  
14 carried in the cab of the temporary replacement vehicle.

15  
16 §18.14. Expiration and Renewal of Commercial Motor Vehicle  
17 Registration.

18           (a) Expiration and renewal dates.

19           (1) A motor carrier with annual or biennial registration  
20 ~~[, other than a Type B household goods carrier,]~~ will be  
21 assigned a date for the expiration and renewal of its motor  
22 carrier registration according to the last digit of the  
23 carrier's certificate of registration number, as outlined in the

1 following chart: Figure 1: 43 TAC §18.14(a)(1)

If the last digit is: Registration must be renewed  
before the first day of:

1	January
2	February
3	March
4	April
5	May
6	June
7	July
8	October
9	November
0	December

2

3 ~~[(2) Certificates of registration for Type B household~~  
4 ~~goods carriers remain in effect until suspended or revoked.]~~

5 (2) ~~[(3)]~~ 90 day certificates of registration are valid  
6 for 90 calendar days from the effective date.

7 (3) ~~[(4)]~~ Seven day certificates of registration are valid  
8 for seven calendar days from the effective date.

9 (b) Registration renewal.

10 (1) Approximately 60 days before the expiration of  
11 registration, the department will mail or send electronically a

1 renewal notice to each registered motor carrier with annual or  
2 biennial registration [~~, other than a Type B household goods~~  
3 ~~carrier~~]. The notice will be mailed to the carrier's last known  
4 address according to the division's records. Failure to receive  
5 the notice does not relieve the registrant of the responsibility  
6 to renew. A motor carrier must ensure that the department  
7 receives the renewal at least 15 days prior to the renewal date  
8 specified in subsection (a) of this section. A supplement to an  
9 application for motor carrier registration renewal must:

10 (A) supply any new information required under §18.13(f)  
11 of this subchapter if the information has not previously been  
12 supplied to the department;

13 (B) include a \$10 fee for each vehicle, other than a  
14 tow truck, requiring registration or \$25 for each tow truck that  
15 the carrier operates under an annual certificate of registration  
16 and a \$20 fee for each vehicle, other than a tow truck,  
17 requiring registration or \$50 for each tow truck that the  
18 carrier operates under a biennial certificate of registration;  
19 and

20 (C) include a copy of the Single State Registration  
21 receipt when requesting that vehicle fees paid under §18.17 of  
22 this subchapter be applied toward the fees specified by this  
23 subsection.

1 (2) Seven day and 90 day registrations may not be  
2 renewed.

3 (3) A motor carrier shall maintain continuous insurance  
4 or evidence of financial responsibility in an amount at least  
5 equal to the amount prescribed under §18.16 of this subchapter.

6 (4) The insurance cab card issued to a motor carrier is  
7 valid for the same period as the motor carrier's certificate of  
8 registration.

9 (5) To renew registration after it has expired, a motor  
10 carrier must identify its vehicles on a form prescribed by the  
11 director, pay all vehicle fees, and if current proof of  
12 insurance is not on file with the division, meet all insurance  
13 requirements.

14  
15 §18.16. Insurance Requirements.

16 (a) Automobile liability insurance requirements.

17 [~~1~~] A motor carrier [~~other than a Type B household~~  
18 ~~goods carrier,~~] must file proof of commercial automobile  
19 liability insurance with the department on a form acceptable to  
20 the director for each vehicle required to be registered under  
21 this subchapter. The motor carrier must carry and maintain  
22 automobile liability insurance that is combined single limit  
23 liability for bodily injury to or death of an individual per

1 occurrence, loss or damage to property (excluding cargo) per  
 2 occurrence, or both. Extraneous information will not be  
 3 considered acceptable, and the department may reject proof of  
 4 commercial automobile liability insurance if it is provided in a  
 5 format that includes information beyond what is required.

6 Minimum insurance levels are indicated in the following table.

7 Figure 1: 43 TAC §18.16(a) [~~1~~]

Type of Vehicle	Minimum Insurance Level
1. Tow trucks and household goods carriers (gross vehicle weight less than 26,000 lbs.).	\$ 300,000
2. Buses designed or used to transport more than 15 passengers (including the driver), but fewer than 26 passengers (not including the driver).	\$ 500,000
3. Commercial motor vehicles which are buses with a seating capacity of 15 passengers or fewer (including the driver) operated by a foreign motor carrier and foreign motor private carrier as defined in 49 USC §13102.	\$1,500,000
4. Buses designed or used to transport 26 passengers or more (not including the driver).	\$5,000,000
5. Commercial school buses, regardless of the passenger capacity as described in Transportation Code, §643.1015.	\$ 500,000
6. Commercial motor vehicles that are buses with a seating capacity of 16 passengers or more (including the driver) operated by a foreign motor carrier or foreign motor private carrier as defined in 49 USC §13102.	\$5,000,000
7. Farm trucks (gross vehicle weight 48,000 lbs. or more).	\$ 500,000
8. Commercial motor vehicles (gross vehicle weight in excess of 26,000 lbs.), including tow trucks.	\$ 500,000
9. Commercial motor vehicles, as defined in 49	\$ 750,000

NOTE: Additions underlined  
 Deletions in [ ]  
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Exhibit C

Type of Vehicle	Minimum Insurance Level
CFR §390.5, operated by a foreign motor carrier or foreign motor private carrier as defined in 49 USC §13102.	
10. Commercial motor vehicles - Oil listed in 49 CFR §172.101; hazardous waste, hazardous materials and hazardous substances defined in 49 CFR §171.8 and listed in 49 CFR §172.101, but not mentioned in item 10 of this table.	\$1,000,000
11. Commercial motor vehicles - Hazardous substances, as defined in 49 CFR §171.8, transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or any quantity of Division 1.1, 1.2, and 1.3 materials, any quantity of Division 2.3, Hazard Zone A material; in bulk Division 2.1 or 2.2; or highway route controlled quantities of a Class 7 material, as defined in 49 CFR §173.403.	\$5,000,000

1

2           ~~[(2) Type B household goods carriers shall comply with~~  
3 ~~the applicable requirements of Transportation Code, Chapter 601.~~  
4 ~~If a Type B household goods carrier maintains an automobile~~  
5 ~~liability insurance policy to comply with Transportation Code,~~  
6 ~~Chapter 601, the policy must be an enforceable commercial or~~  
7 ~~business automobile liability insurance policy.]~~

8           (b) Cargo insurance.

9           (1) Household goods carriers shall file and maintain with  
10 the department proof of financial responsibility.

11           (A) The minimum limits of financial responsibility for  
12 a household goods carrier for hire is \$5,000 for loss or damage

1 to a single shipper's cargo carried on any one motor vehicle.

2 (B) The minimum limits of financial responsibility for  
3 a household goods carrier for hire is \$10,000 for aggregate loss  
4 or damage to multiple shipper cargo carried on any one motor  
5 vehicle. In cases in which multiple shippers sustain damage and  
6 the aggregate amount of cargo damage is greater than the cargo  
7 insurance in force, the insurance company shall prorate the  
8 benefits among the shippers in relationship to the damage  
9 incurred by each shipper.

10 (2) Tow truck company performing nonconsent tows. A tow  
11 truck company that performs nonconsent tows shall file and  
12 maintain with the department proof of financial responsibility  
13 for on-hook cargo. The minimum level of financial  
14 responsibility for each registered vehicle performing nonconsent  
15 tows will be in the amount of at least \$50,000.

16 (c) Workers' compensation or accidental insurance coverage.

17 (1) A motor carrier that is required to register under  
18 this subchapter and whose primary business is transportation for  
19 compensation or hire between two or more incorporated cities,  
20 towns, or villages shall provide workers' compensation for all  
21 its employees or accidental insurance coverage in the amounts  
22 prescribed in paragraph (2) of this subsection.

23 (2) Accidental insurance coverage required by paragraph

1 (1) of this subsection shall be at least in the following  
2 amounts:

3 (A) \$300,000 for medical expenses and coverage for at  
4 least 104 weeks;

5 (B) \$100,000 for accidental death and dismemberment,  
6 including 70% of employee's pre-injury income for not less than  
7 104 weeks when compensating for loss of income; and

8 (C) \$500 for the maximum weekly benefit.

9 (d) Qualification of motor carrier as self-insured.

10 (1) General qualifications. A motor carrier may meet the  
11 insurance requirements of subsections (a) and (b) of this  
12 section by filing an application, in a form prescribed by the  
13 department, to qualify as a self-insured. The application must  
14 include a true and accurate statement of the motor carrier's  
15 financial condition and other evidence that establishes its  
16 ability to satisfy obligations for bodily injury and property  
17 damage liability without affecting the stability or permanency  
18 of its business. The department may accept United States  
19 Department of Transportation evidence of the motor carrier's  
20 qualifications as a self-insured.

21 (2) Adopted final orders. The department adopts all  
22 final orders of the Railroad Commission of Texas to the extent  
23 that they concern self-insurance and were in effect on August

1 31, 1995. Those final orders are continued in effect until  
2 changed by order of the department.

3 (3) Applicant guidelines. In addition to filing an  
4 application as prescribed by the department, an applicant for  
5 self-insured status must submit materials that will allow the  
6 department to determine the following information.

7 (A) Applicant's net worth. An applicant's net worth  
8 must be adequate in relation to the size of its operations and  
9 the extent of its request for self-insurance authority. The  
10 applicant must demonstrate that it can and will maintain an  
11 adequate net worth.

12 (B) Self-insurance program. An applicant must  
13 demonstrate that it has established and will maintain a sound  
14 insurance program that will protect the public against all  
15 claims involving motor vehicles to the same extent as the  
16 minimum security limits applicable under this section. In  
17 determining whether an applicant is maintaining a sound  
18 insurance program, the department will consider:

- 19 (i) reserves;  
20 (ii) sinking funds;  
21 (iii) third-party financial guarantees;  
22 (iv) parent company or affiliate sureties;  
23 (v) excess insurance coverage; and

1 (vi) other appropriate aspects of the applicant's  
2 program.

3 (C) Safety program. An applicant must submit evidence  
4 of substantial compliance with the Federal Motor Carrier Safety  
5 Regulations as adopted by the Texas Department of Public Safety  
6 and with Transportation Code, Chapter 644.

7 (4) Other securities or agreements. The department may  
8 accept an application for approval of a security or agreement if  
9 satisfied that the security or agreement offered will adequately  
10 protect the public.

11 (5) Periodic reports. An applicant shall file annual  
12 statements, semi-annual and quarterly reports, and any other  
13 reports required by the department reflecting the applicant's  
14 financial condition and the status of its self-insurance program  
15 while the motor carrier is self-insured.

16 (6) Duration of self-insured status. The department may  
17 approve an applicant as a self-insured for any specific time or  
18 for an indefinite time.

19 (7) Revocation of self-insured status. On receiving  
20 evidence that a self-insured motor carrier's financial condition  
21 has changed, that its safety program or record is inadequate, or  
22 that it is otherwise not in compliance with this subchapter, the  
23 department may at any time require the self-insured to provide

1 additional information. On 10 days notice from the department,  
2 the self-insured shall appear and demonstrate that it continues  
3 to have adequate financial resources to pay all claims involving  
4 motor vehicles for bodily injury and property damage liability.  
5 The self-insured shall also demonstrate that it remains in  
6 compliance with the requirements of this section and of any  
7 active self-insurance orders issued or adopted by the  
8 department. If an applicant fails to comply with this  
9 paragraph, its self-insured status may be revoked.

10 (8) Appeal. An applicant may appeal a denial or  
11 revocation of self-insurance status by filing a petition for an  
12 administrative hearing in accordance with §§1.21 et seq. of this  
13 title (relating to Procedures in Contested Cases).

14 (e) Filing proof of insurance with the department.

15 (1) Forms.

16 (A) A motor carrier [~~, other than a Type B household~~  
17 ~~goods carrier,~~] shall file and maintain proof of automobile  
18 liability insurance for all vehicles required to be registered  
19 under this subchapter at all times. This proof shall be filed  
20 on a form acceptable to the director.

21 (B) A household goods carrier shall file and maintain  
22 proof of cargo insurance for its cargo at all times. This proof  
23 shall be on a form acceptable to the director.

1 (C) A tow truck company that performs nonconsent tows  
2 shall file and maintain with the department proof of on-hook  
3 cargo insurance for all nonconsent tows. This proof shall be on  
4 a form acceptable to the director.

5 (2) Filing proof of insurance and financial  
6 responsibility. A motor carrier's insurance or surety company,  
7 bank, or other financial institution shall file and maintain  
8 proof of insurance or financial responsibility on a form  
9 acceptable to the director:

10 (A) at the time of the original application for motor  
11 carrier certificate of registration;

12 (B) on or before the cancellation date of the insurance  
13 coverage as described in subsection (f) of this section;

14 (C) when the motor carrier changes insurers;

15 (D) when the motor carrier asks to retain the  
16 certificate number of a revoked certificate of registration;

17 (E) when the motor carrier changes its name under  
18 §18.13(f)(2) of this subchapter;

19 (F) when the motor carrier, under subsection (a) of  
20 this section, changes the classification of the cargo being  
21 transported; and

22 (G) when replacing another active insurance filing.

23 (3) Filing fee. Each certificate of insurance or proof

1 of financial responsibility filed with the department for the  
2 coverage required under this section shall be accompanied by a  
3 nonrefundable filing fee of \$100. This fee applies both when  
4 the carrier submits an original application and when the carrier  
5 submits a supplemental application when retaining a revoked  
6 certificate of registration number.

7 (4) Acceptable filings. The department will not accept  
8 an insurance policy or certificate of insurance unless it is  
9 issued by an insurance company licensed and authorized to do  
10 business in the state [~~State~~] of Texas. It must be in a form  
11 prescribed or approved by the DOI and signed or countersigned by  
12 an authorized agent of the insurance company. The department  
13 will accept a certificate of insurance issued by a surplus lines  
14 insurer that meets the requirements of Insurance Code, Article  
15 1.14-2, and rules adopted by the DOI under that article.

16 (f) Cancellation of insurance coverage. Except when  
17 replaced by another acceptable form of insurance coverage or  
18 proof of financial responsibility approved by the department, no  
19 insurance coverage shall be canceled or withdrawn until 30 days  
20 after notice has been given to the department by the insurance  
21 company in a form approved by the department. Nonetheless,  
22 proof of insurance coverage for a seven day or 90 day  
23 certificate of registration may be canceled by the insurance

1 company without 30 days notice if the certificate of  
2 registration is expired, suspended, or revoked, and the  
3 insurance company provides a cancellation date on the proof of  
4 insurance coverage. The department will revoke a certificate of  
5 registration under §18.72 of this chapter for failure to  
6 maintain proof of current insurance.

7 (g) Replacement insurance filing. The department will  
8 consider a new insurance filing as the current record of  
9 financial responsibility required by this section if:

10 (1) the new insurance filing is received by the  
11 department; and

12 (2) a cancellation notice has not been received for  
13 previous insurance filings.

14 (h) Insolvency of insurance carrier. If the insurer of a  
15 motor carrier becomes insolvent or becomes involved in a  
16 receivership or other insolvency proceeding, the motor carrier  
17 must file an affidavit with the department. The affidavit must  
18 be executed by an owner, partner, or officer of the motor  
19 carrier and show that:

20 (1) no accidents have occurred and no claims have arisen  
21 during the insolvency of the insurance carrier; or

22 (2) all claims have been satisfied.

23 (i) Notifications. The department shall notify the Texas

- 1 Department of Public Safety and other law enforcement agencies
- 2 of each motor carrier whose certificate of registration has been
- 3 revoked for failing to maintain liability insurance coverage.

1                   SUBCHAPTER C. RECORDS AND INSPECTIONS

2   §18.32. Motor Carrier Records.

3           (a) General records to be maintained. Every motor carrier  
4 shall prepare and maintain at its principal place of business in  
5 Texas:

6           (1) operational logs, insurance certificates, and  
7 documents to verify the carrier's operations;

8           (2) complete and accurate records of services performed;

9           (3) all certificate of title documents, weight tickets,  
10 permits for oversize or overweight vehicles and loads, dispatch  
11 records, tow tickets, or any other document that would verify  
12 the operations of the vehicle to determine the actual weight,  
13 insurance coverage, size, and/or capacity of the vehicle;

14           (4) documents supporting fee payments and the original  
15 registration receipts issued by the department for an interstate  
16 carrier registered under §18.17 of this chapter (relating to  
17 Single State Registration System), for a period of at least  
18 three years; and

19           (5) the original certificate of registration and  
20 registration listing, if applicable.

21           (b) Additional records for household goods carriers. In  
22 order to verify compliance with Subchapters B and E of this  
23 chapter, every household goods carrier shall retain complete and

1 accurate records maintained in accordance with reasonable  
2 accounting procedures of all services performed in intrastate  
3 commerce. Household goods carriers shall retain all of the  
4 following information and documents:

5 (1) moving services contracts, such as, bills of lading  
6 or receipts;

7 (2) proposals for moving services;

8 (3) inventories, if applicable;

9 (4) freight bills;

10 (5) time cards, trip sheets, or driver's logs;

11 (6) claim records;

12 (7) ledgers and journals;

13 (8) canceled checks;

14 (9) bank statements and deposit slips;

15 (10) invoices, vouchers or statements supporting

16 disbursements; and

17 (11) dispatch records.

18 (c) Proof of motor carrier registration.

19 (1) Except as provided in paragraph [~~paragraphs (1) and~~

20 (2) of this subsection, every motor carrier shall maintain a

21 copy of its current registration listing in the cab of each

22 registered vehicle at all times. A motor carrier shall make

23 available to a certified inspector or any law enforcement

1 officer a copy of the current registration listing upon request.

2 ~~[(1) A Type B household goods carrier shall maintain a~~  
3 ~~copy of its certificate of registration in either the cab of~~  
4 ~~each power unit or each trailer operated on its behalf at all~~  
5 ~~times. A Type B household goods carrier shall make available~~  
6 ~~and accessible to a certified inspector or any law enforcement~~  
7 ~~officer a copy of the current certificate of registration.]~~

8 (2) A registered motor carrier is not required to carry  
9 proof of registration in a vehicle leased from a leasing  
10 business that is registered under §18.19 of this chapter  
11 (relating to Short-term Lease and Substitute Vehicles), when  
12 leased as a temporary replacement due to maintenance, repair, or  
13 other unavailability of the originally leased vehicle. A copy  
14 of the lease agreement, or the lease for the originally leased  
15 vehicle, in the case of a substitute vehicle, must be carried in  
16 the cab of the vehicle.

17 (d) Location of files. Except as provided in paragraphs  
18 (1) and (2) of this subsection, every motor carrier shall  
19 maintain at a principal office in Texas all records and  
20 information required by the department.

21 (1) Texas firms. If a motor carrier wishes to maintain  
22 records at a location other than its principal office in Texas,  
23 the motor carrier shall make a written request to the manager.

1 A motor carrier may not begin maintaining records at an  
2 alternate location until the request is approved by the manager.

3 (2) Out-of-state firms. A motor carrier whose principal  
4 business address is located outside the state of Texas shall  
5 maintain records required under this section at its principal  
6 office in Texas. Alternatively, a motor carrier may maintain  
7 such records at an out-of-state facility if the carrier  
8 reimburses the department for necessary travel expenses and per  
9 diem for any inspections or investigations conducted in  
10 accordance with §18.31 of this subchapter.

11 (3) A motor carrier that performs nonconsent tows shall  
12 maintain a current towing fee schedule, as prescribed in  
13 Subchapter H of this chapter (relating to Nonconsent Towing Fees  
14 Schedule), at all vehicle storage facilities where vehicles are  
15 delivered.

16 (e) Preservation and destruction of records. All books and  
17 records generated by a motor carrier, except driver's time cards  
18 and logs, must be maintained for not less than two years at the  
19 motor carrier's principal business address. A motor carrier  
20 must maintain driver's time cards and logs for not less than six  
21 months at the carrier's principal business address.

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