PROPOSAL OF REVISIONS TO

SUBCHAPTER B. MOTOR CARRIER REGISTRATION

43 TAC §218.16

INTRODUCTION. The Texas Department of Motor Vehicles (department) proposes amendments to 43 Texas Administrative Code (TAC) Subchapter B, Motor Carrier Registration, §218.16, regarding Insurance Requirements. These amendments are necessary to streamline language and update the rule to align with federal and state safety ratings practices.

EXPLANATION.

A proposed amendment to §218.16(a) would modify subsection (a) to remove unnecessary rule text about the department rejecting extraneous information in a motor carrier's proof of automobile liability insurance. The department's current application form does not permit the submission of extraneous information, so there is no need for a rule about rejection of such information.

Proposed amendments to §218.16(b) would modify language for subject-verb agreement to improve readability.

A proposed amendment to §218.16(c) would condense language about required insurance coverage for a motor carrier whose primary business is transportation for compensation or hire between two municipalities. The proposed amendments would strike language that is redundant of Transportation Code, §643.106, while preserving the requirement that the carrier obtain at least the minimum amounts of insurance coverage specified by the statute to qualify for registration.

A proposed amendment to §218.16(d)(2)(C) would permit the department to approve an applicant who wishes to establish proof of self-insurance coverage, but has not been rated on safety by either the Texas Department of Public Safety (DPS) or the Federal Motor Carrier Safety Administration

(FMCSA). While any carrier that is given a safety rating by DPS or FMCSA must be rated “satisfactory” to qualify for self-insured status, many carriers are not rated, and the operative agencies do not perform compliance reviews for safety ratings by request. The proposed amendments would also further align the department’s rules with related federal regulation regarding self-insurance, as the governing federal provision, 49 C.F.R. §387.309(a)(3), permits certain interstate motor carriers to qualify for self-insurance by certifying that they have not been rated on safety by FMCSA. The proposed amendments would therefore allow the department to approve the self-insurance application of a motor carrier that has not been rated on safety by either DPS or FMCSA, while continuing to require a satisfactory safety rating for a motor carrier that has been rated.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Chris Hayden, Chief Financial Officer, has determined that for each year of the first five years the amendments will be in effect, there will be no fiscal impact to state or local governments as a result of the enforcement or administration of the proposal. Clint Thompson, Director of the Motor Carrier Division, has determined that there will be no measurable effect on local employment or the local economy as a result of the proposal.

PUBLIC BENEFIT AND COST NOTE. Mr. Thompson has also determined that, for each year of the first five years the amended sections would be in effect, the anticipated public benefit is that the amended rules would be updated and streamlined to more accurately reflect and aid public understanding of current department and industry practice.

Anticipated Costs to Comply with the Proposal. Mr. Thompson anticipates that there will be no costs to comply with these rules. The proposed rules would clarify existing law and practice, rather than add new compliance activities.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. As required by the Government Code, §2006.002, the department has determined that the proposed amendments will not have an adverse economic effect on small businesses, micro-businesses, and rural communities because the rule changes do not add new requirements and do not have any differential impact on small businesses, micro-businesses, or rural communities. Therefore, the department is not required to prepare a regulatory flexibility analysis under Government Code, §2006.002.

TAKINGS IMPACT ASSESSMENT. The department has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking or require a takings impact assessment under the Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT STATEMENT. The department has determined that for each year of the first five years the proposed amendments would be in effect, no government program would be created or eliminated. Implementation of the proposed amendments would not require the creation of new employee positions or elimination of existing employee positions. Implementation would not require an increase or decrease in future legislative appropriations to the department, or an increase or decrease in fees paid to the department. The proposed amendments would not create a new regulation, repeal a regulation, or expand existing regulations. Rather, the proposed amendments to §218.16 would limit the application of existing regulatory requirements by allowing certain unrated motor carriers to qualify as self-insured, without expanding the rule's overall scope. Lastly, the proposed amendments would not affect the number of individuals subject to the rule's applicability and will not affect this state's economy.

REQUEST FOR PUBLIC COMMENT.

If you want to comment on the proposal, submit your written comments by 5:00 p.m. CDT on September 28, 2026. The department requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. A request for a public hearing must be sent separately from your written comments. Send written comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the department will consider written comments and public testimony presented at the hearing.

SUBCHAPTER B. MOTOR CARRIER REGISTRATION

STATUTORY AUTHORITY. The department proposes amendments to §218.16 under Transportation Code, §643.003, which authorizes the department to adopt rules to administer Transportation Code, Chapter 643; Transportation Code, §643.102, which permits motor carriers to comply with liability insurance requirements through self-insurance in certain instances; Transportation Code, §643.106, which directs certain motor carriers to maintain either workers' compensation or accidental insurance coverage; Government Code, §2001.004, which requires state agencies to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Government Code, §2001.054, which specifies the requirements regarding the grant, denial, renewal, revocation, suspension, annulment, or withdrawal of a license; and Transportation Code, §1002.001, which authorizes the board to adopt rules that are necessary and appropriate to implement the powers and the duties of the department.

CROSS REFERENCE TO STATUTE. The amendments would implement Transportation Code, §643.102 and §643.106.

TEXT.

§218.16. Insurance Requirements.

(a) Automobile liability insurance requirements. A motor carrier must file proof of automobile liability insurance with the department on a form acceptable to the director for each vehicle required to be registered under this subchapter. The motor carrier shall carry and maintain automobile liability insurance that is combined single limit liability for bodily injury to or death of an individual per occurrence, and loss or damage to property (excluding cargo) per occurrence. [~~Extraneous information will not be considered acceptable, and the department may reject proof of automobile liability insurance if it is provided in a format that includes information beyond what is required.~~] Minimum insurance levels are indicated in the following table. However, a motor carrier that is required to register with the department under Transportation Code, Chapter 643 and operates a foreign commercial motor vehicle must comply with the minimum level of financial responsibility in 49 C.F.R. Part 387 for such vehicle. The department adopts by reference 49 C.F.R. Part 387 regarding the required level of financial responsibility, including any amendments that became effective through July 1, 2024.
Attached Graphic

(b) Cargo insurance. Household goods carriers shall file and maintain with the department proof of financial responsibility.

(1) The minimum limits of financial responsibility for a household goods carrier are [~~is~~] $5,000 for loss or damage to a single shipper's cargo carried on any one motor vehicle.

(2) The minimum limits of financial responsibility for a household goods carrier are [~~is~~] $10,000 for aggregate loss or damage to multiple shippers' cargo carried on any one motor vehicle. In cases in which multiple shippers sustain damage and the aggregate amount of cargo damage is greater than the cargo insurance in force, the insurance company shall prorate the benefits among the shippers in relationship to the damage incurred by each shipper.

(c) Workers' compensation or accidental insurance coverage.

[~~(1)~~] A motor carrier that is required to register under this subchapter and whose primary business is transportation for compensation or hire between two or more municipalities shall provide workers' compensation for all its employees or accidental insurance coverage in at least the minimum amounts prescribed in Transportation Code, §643.106(b) [~~paragraph (2) of this subsection~~].

[~~(2) Accidental insurance coverage required by paragraph (1) of this subsection shall be at least in the following amounts:~~]

[~~(A) $300,000 for medical expenses for at least 104 weeks;]~~

[~~(B) $100,000 for accidental death and dismemberment;]~~

[~~(C) 70 percent of the employee's pre-injury income for not less than 104 weeks when compensating for loss of income; and]~~

[~~(D) $500 for the maximum weekly benefit.~~]

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

(1) General qualifications. A motor carrier may meet the insurance requirements of subsections (a) and (b) of this section by filing an application, in a form prescribed by the department, to qualify as a self-insured motor carrier. The application must include a true and accurate statement of the motor carrier's financial condition and other evidence that establishes its ability to satisfy obligations for bodily injury and property damage liability, or cargo liability, if applicable, without affecting the stability or permanency of its business. The department may accept USDOT evidence of the motor carrier's qualifications as a self-insured motor carrier.

(2) Applicant guidelines. In addition to filing an application as prescribed by the department, an applicant for self-insured status must submit information and documents that will enable the department to determine the following information.

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

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

(i) reserves;

(ii) sinking funds;

(iii) third-party financial guarantees;

(iv) parent company or affiliate sureties;

(v) excess insurance coverage; and

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

(C) Safety program. An applicant that has received a [~~must submit evidence of a current "satisfactory"~~] safety rating from the Texas Department of Public Safety (DPS) under Transportation Code, Chapter 644 and administrative rules adopted under Transportation Code, Chapter 644 or a [~~"satisfactory"~~] safety rating from FMCSA under federal law, as applicable, must submit evidence of a current "satisfactory" safety rating. An application by a motor carrier that has received a safety rating from DPS or FMCSA but does not have [~~with less than~~] a current "satisfactory" safety rating [~~or no safety rating~~] will be summarily denied. If an applicant has not been rated on safety by either DPS or FMCSA, the department may approve the application.

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

(4) Periodic reports. An approved self-insured motor carrier shall file with the department annual statements and any reports required by the department reflecting the motor carrier's financial condition and the status of its self-insurance program while the motor carrier is self-insured.

(5) Duration and coverage of self-insured status. The department may approve an applicant as a self-insured motor carrier for any specific time or for an indefinite time. An approved self-insured status only applies to the type of cargo that the motor carrier reported to the department in the application for self-insured status, and is subject to any limitations, restrictions, or requirements that the department includes in any letter approving self-insured status.

(6) Revocation of self-insured status. On receiving evidence that a self-insured motor carrier's financial condition has changed, that its safety program or record is inadequate, or that it is otherwise not in compliance with this subchapter, the department may at any time require the self-insured motor carrier to provide additional information and documents. On 10 days' notice from the department, the self-insured motor carrier shall provide the department with information and documents, as applicable, that demonstrate that it remains in compliance with the requirements of this section and of any active self-insurance requirements included in the department's approval letter. If a motor carrier fails to comply with the applicable requirements under this section, its self-insured status may be revoked. The revocation of self-insured status will be governed by Chapter 224 of this title (relating to Adjudicative Practice and Procedure) and Transportation Code, Chapter 643.

(7) Appeal of denial of application for self-insured status. An applicant may appeal a denial of self-insured status by filing an appeal in accordance with §224.126 of this title (relating to Appeal of a Denial of Self-Insured Status).

(e) Filing proof of insurance with the department.

(1) Forms.

(A) A motor carrier shall file and maintain proof of automobile liability insurance for all vehicles required to be registered under this subchapter at all times. This proof shall be filed on a form acceptable to the director.

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

(2) Filing proof of insurance. A motor carrier's insurer shall file and maintain proof of insurance on a form acceptable to the director:

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

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

(C) when the motor carrier changes insurers;

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

(E) when the motor carrier changes its name under §218.13(e)(2) of this title (relating to Application for Motor Carrier Registration);

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

(G) when replacing another active insurance filing.

(3) Filing fee. Each certificate of insurance or proof of financial responsibility filed with the department for the coverage required under this section must be accompanied by a nonrefundable filing fee of $100 when the carrier submits an original application and when the carrier submits a supplemental application when retaining a revoked certificate of registration number.

(4) Acceptable filings. The motor carrier's insurer must file proof of insurance with the department in a form prescribed by the department and approved by an authorized agent of the insurer.

(f) Cancellation of insurance coverage. Except when replaced by another acceptable form of insurance coverage or proof of financial responsibility approved by the department, insurance coverage may not be canceled or withdrawn until 30 days after notice has been given to the department by the insurer in a form approved by the department. Nonetheless, proof of insurance coverage for a seven-day or 90-day certificate of registration may be canceled by the insurer without 30 days' notice if the certificate of registration is expired, suspended, or revoked, and the insurer provides a cancellation date on the proof of insurance coverage.

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

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

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

(h) Insolvency of insurance carrier. An affidavit required by Transportation Code, §643.105 must be executed by an owner, partner, or officer of the motor carrier.