

## PURPOSE

The purpose of the Compulsory Financial Responsibility Law (*California Vehicle Code* [CVC] §§16000-16078) is to ensure that drivers and owners of vehicles are financially responsible for any damage or injury caused by a traffic accident, regardless of fault, and to remove financially irresponsible drivers from the highways.

If you drive a motor vehicle, whether you own it or not, or if you own a motor vehicle, even though you may not drive it yourself but allow others to drive it, **you must maintain in force one of the forms of financial responsibility specified by law.** The usual method of financial responsibility is liability insurance, but a surety bond or a cash deposit of \$35,000 made with the department are acceptable alternatives (CVC §§16056 and 16054.2).

## OBLIGATIONS AFTER AN ACCIDENT

If you were the driver or owner of a motor vehicle involved in an accident which resulted in property damage in excess of \$1,000, bodily injury or death, regardless of who was at fault, you must report the accident and provide evidence of financial responsibility to the Department of Motor Vehicles. The report must be made on the **Report of Traffic Accident Occurring in California** form (SR 1) and the report is due within 10 days of the accident. This is in addition to any other report made to the police, California Highway Patrol, or your insurance company. To meet the financial responsibility requirements, your automobile liability insurance must provide at least the minimum coverage: \$15,000 for a single injury or death; \$30,000 for injury to, or death of, more than one person; and \$5,000 for property damage, in any one accident.

Note: You must have **liability** insurance covering damage to the person or property of others. **Comprehensive** or **collision** coverage is only for damage to **your** vehicle, and does not meet the legal requirement. "Full coverage" *may* only cover *your* damages. Check your policy, or talk to your agent or broker, to be sure that you *do* have the liability coverage required by law.

If you do not report the accident to the department as required by this law, or if you do not provide evidence of financial responsibility in effect at the time of the accident, your driving privilege will be suspended.

## ACCIDENT IN EMPLOYER'S VEHICLE

If you are involved in a reportable accident while driving your employer's vehicle, you must report the accident to your employer within 5 days. Your employer is then required to file a Traffic Accident Report (form SR 1) with the department within 10 days of your report. The employer's report is not needed if the vehicle is owned or operated by a government agency, a department-approved self-insurer, or the holder of an Employer Insurance Certificate on file with the department.

## SUSPENSION

If you receive a Courtesy Reminder or an Order of Suspension under the Financial Responsibility Law and you were insured or covered by one of the acceptable alternatives for the vehicle involved in the accident, you should immediately provide your coverage information to the Department of Motor Vehicles. If the information is acceptable, no action will be taken or the suspension will be ended. When calling the department, please have all accident and insurance information at hand.

If you were uninsured, your driving privilege will be suspended. You will not be eligible for reinstatement until one year from the date the suspension begins. Thereafter, for a period of three years, proof of financial responsibility is required as a condition of reinstatement. If proof is canceled for any reason during the three-year proof requirement, your driving privilege will be suspended, effective upon notice. If you change insurance companies, be certain your new proof is on file before canceling the old policy.

If you were not insured at the time of the accident and your employment requires driving, you may legally drive your employer's vehicles during the course of your employment if the vehicles are not registered in your name (CVC §16073). This provision does not apply to individuals who hold a commercial driver license (CDL).

## RESTRICTED LICENSE INFORMATION

During the mandatory one-year suspension, you may apply for one or more of the following restrictions:

1. A restricted license for driving to and from, and during the course of, your primary employment.
2. A restricted license for driving yourself or an immediate family member to and from medical treatments for a serious medical condition.
3. A restricted license for driving a minor dependent to and from school (K-12) when no other transportation is available.

The restrictions require proof of financial responsibility (**see Proof Filing Information below**), payment of a single penalty fee of \$250 and, if needed, a \$55 reissue fee. (The \$55 fee is not required if all requirements for a restricted license are met by the suspension date.) An application form must be completed and approved by the department. Commercial drivers are not eligible for restrictions.

After one year the restriction(s) will end. You may apply for a duplicate license if you desire a license without restriction notation(s). If your proof of financial responsibility is canceled for any reason during the proof requirement period, your driving privilege will be resuspended until acceptable proof is again filed.

## PROOF FILING INFORMATION

The usual method of showing proof of financial responsibility is to provide a California Insurance Proof Certificate (form SR 22/SR 1P) from an insurance company authorized to do business in California. The types of coverage on the form SR 22/SR 1P are listed below:

SR 22: A motor vehicle liability policy may be provided to cover only vehicles registered in your name (owner's policy), only vehicles you do not own (operator's policy), or all vehicles whether you own them or not (broad coverage). This certificate is acceptable for any DMV actions requiring proof of financial responsibility.

SR 1P: An automobile liability policy or a liability policy for vehicles with fewer than four wheels. This certificate is acceptable after an accident without insurance, for negligent operator sanctions per CVC §12810.5, for an application by a minor requiring proof (CVC §17705), or for a nonresident minor's certificate (CVC §12504).

To obtain a California Insurance Proof Certificate, contact an insurance agent or broker. Do not submit a copy of your policy or your insurance application, as it cannot be accepted in place of the California Insurance Proof Certificate. If necessary, persons unable to obtain this insurance coverage through their regular insurance company may have any insurance agent or broker make an application to the California Automobile Assigned Risk Plan. The plan may be contacted directly for information at:

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN  
P. O. BOX 7917  
SAN FRANCISCO CA 94120-7917  
(800) 622-0954

## ALTERNATIVE PROOF FILING METHODS

Proof of financial responsibility may be met by making a \$35,000 cash deposit with the department or by filing a \$35,000 surety bond. Proof may also be filed by a department-approved self-insurer on behalf of an employee, to permit driving vehicles owned by the self-insurer within the scope of the person's employment. A bond must be obtained from a surety company authorized to do business in California. For information on cash deposits or self-insurance, you may call (916) 657-6677, or write to:

DEPARTMENT OF MOTOR VEHICLES  
FINANCIAL RESPONSIBILITY UNIT  
P. O. BOX 942884 MAIL STATION J237  
SACRAMENTO CA 94284-0884



## OWNER SUSPENSION

If a vehicle is involved in an accident and the driver of the vehicle cannot be identified, any required suspension will be taken against the registered owner. If the owner adequately identifies the driver, the suspension will be removed from the owner and placed against the driver (CVC §§16020-21 and 16070a). If a parked vehicle rolls away and causes an accident, the registered owner is subject to suspension if the vehicle is uninsured (CVC §16001).

## OFF-HIGHWAY ACCIDENTS

Accidents which occur off a street or highway are also required to be reported if injury, death or more than \$1,000 in property damage results. This includes parking lot accidents and those occurring in any area open to the general public. A report is *not* required if the vehicle involved is **not** required to be registered (e.g., a snowmobile or agricultural vehicle) or if there was *no* injury or death *and* the accident occurred on the driver's/owner's *own* property and involved *only* property belonging to the driver/owner (CVC §§16000 and 16000.1).

## HEARING

If you receive an Order of Suspension, you may request a hearing to decide whether the law applies, including whether:

1. You were involved in the accident as a driver or owner;
2. The accident resulted in injury, death or property damage in excess of \$1,000.
3. Financial responsibility was in effect for the accident.

The department does not determine fault or enter into disputes over claim settlements. (Only courts can make a decision concerning liability.)

The Driver Safety Officer cannot consider how the accident occurred, the cause of the accident, fault, your need for a license, or why you were uninsured.

## UNSATISFIED JUDGMENT

If you fail to satisfy a civil judgment rendered against you for an accident, you could be subject to suspension under the Unsatisfied Judgment Law (CVC §§16370 and 16370.5).

## OTHER LAWS REGARDING FINANCIAL RESPONSIBILITY

- All vehicle owners are required to show evidence of financial responsibility for their vehicle at the time of registration renewal.
- Drivers stopped for a traffic violation or involved in an accident must show written evidence of financial responsibility upon the request of a peace officer. Failure to provide valid evidence is grounds for a citation and a fine. Your driver license will be suspended for one year if you provide false information to law enforcement or the court.
- Low income residents may qualify for a lower minimum limit insurance policy at reduced cost to meet the Financial Responsibility Law. Contact an insurance agent or broker for information on the California Low Cost Automobile Insurance Program.

For inquiries regarding financial responsibility and vehicle registration suspensions, please contact (800) 777-0133 for further information.

## ADDITIONAL FINANCIAL RESPONSIBILITY LAWS

- Insurance companies are now required to electronically report insurance information to DMV for vehicles that are insured and registered as private passenger automobiles.
- Effective October 1, 2006, your vehicle registration is subject to suspension if the liability insurance is cancelled; if your insurance company has not electronically provided evidence of insurance when you purchase and register your vehicle; or if you provide DMV with false insurance information.

# IMPORTANT FACTS

*About*

## *The Compulsory Financial Responsibility Law*

*Drive Responsibly — Drive Safely*

*Retain Your Privilege To Drive*



### ATTENTION

This pamphlet does not cover all details of the law. If you desire further information, contact:

DEPARTMENT OF MOTOR VEHICLES  
Financial Responsibility  
P.O. Box 942884  
Sacramento, CA 94284-0884  
(916) 657-6677

## DEPARTMENT OF MOTOR VEHICLES