



A Public Service Agency

**CALIFORNIA
MOTOR CARRIER PERMIT (MCP)**

MCP Handbook

TABLE OF CONTENTS

BACKGROUND.....	iii
CHAPTER 1 – MOTOR CARRIER OF PROPERTY	1-1
1.000 MOTOR CARRIER OF PROPERTY	1-1
1.005 HOW TO OBTAIN A MOTOR CARRIER PERMIT?	1-2
1.010 WHEN MUST A NEW CARRIER APPLY FOR A PERMIT?.....	1-2
1.015 ANNUAL MOTOR CARRIER PERMIT	1-2
1.020 NON-EXPIRING MOTOR CARRIER PERMIT	1-2
1.025 SEASONAL MOTOR CARRIER PERMIT	1-2
1.030 LEGAL BUSINESS ENTITY.....	1-3
1.035 CARRIER IDENTIFICATION NUMBER (CA#).....	1-3
1.040 OPERATING STATUS	1-3
1.045 DOING BUSINESS AS (DBA) NAMES.....	1-3
1.050 ANNUAL PERMIT FEES	1-4
1.055 FEE CHART FOR SEASONAL PERMITS	1-5
1.060 DELINQUENCY FEES.....	1-6
1.065 MOTOR CARRIER PERMIT RECORDS	1-6
1.070 EMPLOYER PULL NOTICE (EPN) PROGRAM.....	1-6
CHAPTER 2 – MOTOR CARRIER PERMIT FORMS	2-1
2.000 APPLICATION FOR MOTOR CARRIER PERMIT	2-1
2.005 RENEWAL APPLICATION.....	2-1
2.010 VOLUNTARY WITHDRAWAL	2-1
2.015 REFUND	2-1
2.020 NOTICE OF CHANGE	2-2
2.025 MOTOR CARRIER PERMIT INFORMATION REQUEST	2-2
CHAPTER 3 – INSURANCE	3-1
3.000 FINANCIAL RESPONSIBILITY	3-1
3.005 LEVELS OF LIABILITY INSURANCE	3-1
3.010 ACCEPTABLE DOCUMENTS	3-3
3.015 SURETY BOND.....	3-3
3.020 CERTIFICATE OF INSURANCE	3-3

MC 500 M Motor Carrier Permit Handbook

3.025 SELF-INSURANCE3-3

3.030 CANCELLATION OF INSURANCE3-4

3.035 CANCELLATION OF SELF-INSURANCE3-4

3.040 DISBURSEMENT OF ASSIGNMENT OF SELF-INSURANCE3-4

3.045 TERMINATION OF SELF-INSURANCE STATUS3-4

3.050 WORKERS’ COMPENSATION INSURANCE3-5

3.055 SELF-INSURANCE AND WORKERS’ COMPENSATION CANCELLATION3-5

CHAPTER 4 – SUSPENSIONS AND REVOCATION4-1

4.000 MOTOR CARRIER PERMIT SUSPENSION4-1

4.005 TYPES OF SUSPENSIONS AND REVOCATIONS4-1

4.010 SUSPENSIONS INITIATED BY DMV..... 4-2

4.015 SUSPENSIONS INITIATED BY CHP.....4-2

4.020 CHP SUSPENSION PERIODS AND FEES4-3

4.025 HEARINGS.....4-3

4.030 SET-ASIDE OF CHP SUSPENSION.....4-3

4.035 REINSTATEMENT OF CHP SUSPENSION4-4

4.040 SUSPENSIONS INITIATED BY FRANCHISE TAX BOARD (FTB)OR STATE BOARD OF EQUALIZATION(BOE)4-4

4.045 SET ASIDE OF FTB OR BOE SUSPENSION.....4-4

4.050 REINSTATEMENT OF FTB OR BOE SUSPENSION.....4-4

4.055 SUSPENSION DUE TO INSURANCE CANCELLATION..... 4-5

4.060 REINSTATEMENT OF INSURANCE SUSPENSION4-5

4.065 SUSPENSION DUE TO STOP ORDER FROM DEPARTMENT OF INDUSTRIAL RELATIONS (DIR).....4-5

4.070 REINSTATEMENT FOLLOWING A DIR SUSPENSION4-5

4.075 EMPLOYER PULL NOTICE (EPN) SUSPENSION.....4-5

4.080 REINSTATEMENT OF EPN SUSPENSION4-6

4.085 OPERATING A VEHICLE WITH A SUSPENDED PERMIT4-6

4.090 REINSTATEMENT FEE4-6

BACKGROUND

The Motor Carrier of Property Permit Act, signed into law on September 29, 1996, was enacted to promote and ensure the public safety of all users of California's highways. The Department of Motor Vehicles (DMV) and the California Highway Patrol (CHP) administer this program jointly. DMV is responsible for collecting fees, ensuring that motor carriers of property are in compliance with liability and workers compensation insurance requirements, and are enrolled in the Employer Pull Notice (EPN) Program before granting intrastate operating authority. CHP regulates compliance and the safe operation of vehicles through the Basic Inspection of Terminals (BIT) Program, a Controlled Substance and Alcohol Testing (CSAT) Program, and roadside enforcement.

In 2013, Assembly Bill 529 recast the Biennial Inspection of Terminals Program as the Basic Inspection of Terminals (BIT) Program pursuant to California Vehicle Code (CVC) Section 34501.12.

Revenue and Taxation Code (R&TC) Section 7236 establishes the fees required to obtain a Motor Carrier Permit (MCP), including the new Carrier Inspection Fee (CIF), and imposes new delinquency fees for failure to pay MCP fees when due. Effective January 1, 2016, the DMV began collecting the CIF in conjunction with the base fees upon original application and renewal of an MCP. Base fees include the Safety Fee and Uniform Business License Tax (UBLT). Delinquency fees will continue to accrue until all fees are paid. All fees **must** be paid to obtain an MCP. The CIF will not be apportioned or prorated.

For additional information about the fee change, please visit www.dmv.ca.gov, or call the Motor Carrier Operations Unit at 916-657-8153. For information about BIT inspections, visit www.chp.ca.gov, or you may call your local CHP Motor Carrier Safety Unit.

Under the new BIT program, the CHP will select terminals for inspection based on available carrier performance data or the commodity transported, rather than the prior time-based mandate of once every 25 months.

DMV issues the MCP that grants operating authority to Motor Carriers of Property on California highways. Motor trucks of two or more axles with a gross vehicle weight rating (GVWR) of 10,001 pounds or more and other motor vehicles used to transport property for compensation are required to obtain an MCP.

CHAPTER 1 – MOTOR CARRIER OF PROPERTY

1.000 MOTOR CARRIER OF PROPERTY

A motor carrier who operates any of the following commercial vehicles is considered to be a Motor Carrier of Property pursuant to CVC Section 34500:

- Any motor vehicle used to transport property for compensation.
- Any motor truck of 2 or more axles that has a GVWR of 10,001 pounds or more.
- Truck tractors.
- Any commercial motor vehicle with a GVWR of 26,001 pounds or more.
- Any commercial motor vehicle with any GVWR towing a trailer, semitrailer, pole or pipe dollies, auxiliary dollies, or logging dollies with a GVWR of 10,001 pounds or more. This does not include camp and utility trailers, travel trailers, or trailers designed to transport a watercraft.
- Any motor truck towing a trailer, semitrailer, pole or pipe dollies, auxiliary dollies, or logging dollies, which exceed 40 feet in length when coupled together. This does not include camp and utility trailers, travel trailers, or trailers designed to transport a watercraft.
- Any truck, or combination of a truck and any other vehicle, transporting hazardous materials which require the display of placards, a license to transport hazardous materials, or when used, any vehicle with a hazardous waste transporter per CVC Section 27903 & 32000.5, and California Health and Safety Code (HSC) Section 25163.

A Motor Carrier of Property does not include any of the following:

- Vehicles operated by a household goods carrier as defined in the Public Utilities Code (PUC) Section 5109.
- Vehicles operated by household goods carriers to transport used office, store, and institutional furniture and fixtures when operated under a household goods carrier permit issued pursuant to the PUC Section 5137.
- Pickup trucks with a GVWR of less than 11,500 pounds, an unladen weight of less than 8,001 pounds and equipped with a box-type bed not exceeding 9 feet in length, when operated non-commercially.
- Utility trailers, camp trailers, trailer coaches, or trailers designed to transport a watercraft.
- Vehicles providing transportation of passengers only, including private carriers, per the PUC Section 4001, a passenger stage corporation transporting baggage and express upon passenger vehicles incidental to the transportation of passengers, pursuant to the PUC Regulations, Division 1, Chapter 5, Article 2.
- Vehicles used only for personal use and are 10,000 pounds GVWR or less.
- Two-axle daily rental trucks with a GVWR of less than 26,001 pounds when operated non-commercially.
- Vehicles which are exempt from vehicle registration fees.
- Motor trucks or two-axle truck tractors, with a GVWR of less than 26,001 pounds, operated singly in noncommercial use.

For more information, please visit www.dmv.ca.gov or call (916) 657-8153.

1.005 HOW TO OBTAIN A MOTOR CARRIER PERMIT?

The following information is required:

- A CA#.
- A completed Application for Motor Carrier Permit (MC 706 M).
- Proof of financial responsibility.
- Proof of workers' compensation insurance or signed exemption.
- A valid EPN Requester Code, if applicable.
- Enrollment in a CSAT program, if applicable.
- Permit fees. Effective January 1, 2016, permit fees include the Safety Fee, UBLT (For-Hire carriers), the CIF, and delinquency fees, when applicable.

1.010 WHEN MUST A NEW CARRIER APPLY FOR A PERMIT?

A permit is required before vehicles can be operated on California roadways (*new carriers must apply prior to starting operations.*) A permit term is the 12-month period beginning with the first day of the month that the original application was received and ending on the last day of the following 12th month. The permit becomes **valid** on the day all requirements are met. **The permit will not be back dated to the first of the initial month the application was received.**

1.015 ANNUAL MOTOR CARRIER PERMIT

An MCP is issued to an intrastate motor carrier by the DMV as evidence of compliance with CVC Section 34620. The permit contains the CA#, legal name of the carrier, business entity type, date issued, and permit expiration date. The permit is not required to be in the possession of the motor carrier in the course of their operation.

1.020 NON-EXPIRING MOTOR CARRIER PERMIT

The Non-Expiring MCP is issued to an interstate motor carrier (combined carrier) by the DMV as evidence of compliance with CVC Sections 34620 and 16020; and compliant with Unified Carrier Registration (UCR) pursuant to the United States Code Title 49 Section 14504 (UCR Act - 49 United States Code Section 14504). The permit contains the CA#, legal name of the carrier, business entity type, date issued, and bears the words "Non-Expiring" in the permit expiration date field. The permit becomes invalid when the motor carrier commences intrastate only operations in California or the suspension of permit due to insurance cancellation, tax payment delinquency, or failure of safety inspections.

Effective January 1, 2016, the initial application for an interstate non-expiring permit requires payment of the CIF in the full amount due, dependent on fleet size. The CIF is not prorated and is due upon initial application for a non-expiring permit.

1.025 SEASONAL MOTOR CARRIER PERMIT

The Seasonal MCP is issued to a motor carrier that has requested a permit for specific months during their established annual term. Seasonal permits are issued for no less than six (6) months and no more than 11 months during a 12-month term. Months are not required to be consecutive. When an extension is requested, a new permit will be generated. A seasonal motor carrier does not receive a renewal application from the department.

Effective January 1, 2016, the initial application for a seasonal MCP requires payment of the CIF in the full amount due, dependent on fleet size. The CIF is not prorated and is due upon initial application of the seasonal term.

1.030 LEGAL BUSINESS ENTITY

There are four legal business entities and within those entities there are several sub-groups:

- Corporation
 - A. Nonprofit Organization
 - B. Government Agency
 - C. Trust
- Limited Liability Company (LLC)
- Partnership
- Individual
 - A. Owner-Operator

1.035 CARRIER IDENTIFICATION NUMBER (CA#)

A Motor Carrier, Motor Carrier of Property, and a For-Hire Motor Carrier of Property shall obtain a CA# from the CHP (CVC Section 34507.5). The CA# is the unique identifier for the Motor Carriers of Property. When a carrier changes their business entity (a new Secretary of State filing), or Federal Employer Identification Number (FEIN), the carrier must obtain a new CA#. A Voluntary Withdrawal (MC 716 M) form must be completed and submitted by the carrier to inactivate the old CA# account. A CA# is not transferable from one entity to another except to correct an error.

1.040 OPERATING STATUS

There are two types of operating status:

- For-Hire: Transports other persons' property for hire or compensation. Example: Tow truck operations or delivery services. This includes seasonal carriers (example: persons who only operate during specific months, e.g., farmers, rafting companies, snow removal companies).
- Private: Transports or delivers one's own goods or property and delivery of carrier's product (even if a fee is charged for such delivery).

1.045 DOING BUSINESS AS (DBA) NAMES

CVC Section 34621(b)(1) requires that an application for MCP shall contain, "The full name of the motor carrier; any fictitious name(s) under which it is doing business; address, both physical and mailing; and business telephone number." California Code of Regulations (CCR), Title 13, Division 1, Section 220.00(f) states, "A "fictitious name" as used in Vehicle Code Section 34621(b)(1), shall be defined as a DBA (Doing Business As) and/or a trade name." A properly adopted business name is a "fictitious business name" which is defined as:

- Individual: A name that does not include the surname of the individual or suggest the existence of additional owners (e.g., "Company," "& Company," "& Sons," "& Associates").

- Partnership: A name that does not include the surname of each general partner or a name that suggest the existence of additional owners as described above (other than a limited partnership or foreign limited partnership on file with the California Secretary of State or a limited liability partnership or foreign limited liability partnership registered pursuant to the Corporations Code).
- Corporation or limited partnership: Any name other than the name stated in the Articles of Incorporation or the Articles of Organization.

Corporations must have their own CA# and the name entered must reflect the legal corporation name. Example: Joe & Sons Corporation or Joe & Sons, Inc. Once an institution is registered with Corp. or Inc. in the company name, it must use this extension in all its legal paperwork. A corporation is a legal entity, not a fictitious business name.

The fictitious business name statement shall be filed with the clerk of the county in which the registrant their principal place of business in this State, or if the registrant has no place of business in this State, with the Clerk of Sacramento County.

1.050 ANNUAL PERMIT FEES

Permit fees are based on the type of motor carrier operation (for-hire or private) and the number of power units in the motor carrier fleet. A motor carrier fleet includes all power units owned, leased and/or operated by the motor carrier. The fees paid to obtain the MCP by a for-hire motor carrier consist of the Safety Fee, the UBLT fee, and the CIF. Initial fees for motor carriers conducting interstate operation are prorated, with the exception of the CIF which are not prorated, based on the actual mileage driven in California. Interstate motor carriers are issued a Non-Expiring MCP and are not required to pay a renewal fee, but are subject to all initial fees due. Use the following fee chart to calculate the fees due on an original or the renewal of an annual MCP.

MC 500 M Motor Carrier Permit Handbook

FEE CHART - FULL YEAR INTRASTATE CARRIERS* (DOING BUSINESS IN CALIFORNIA ONLY)

Use the chart that applies to your type of operation (**For-Hire** or **Private**). Locate your fleet size and corresponding fees.

***Interstate carriers**, see form MC 706 M, Section 13, to calculate base fees, then add the CIF for your fleet size.

The CIF is due in full for all carriers and will not be prorated.

FLEET SIZE	FOR HIRE			PRIVATE		
	BASE FEES**	CIF	TOTAL	BASE FEES**	CIF	TOTAL
1	\$120	\$130	\$250	\$35	\$130	\$165
2-4	\$200	\$152	\$352	\$35	\$152	\$187
5-10	\$475	\$252	\$727	\$35	\$252	\$287
11-20	\$710	\$573	\$1,283	\$240	\$573	\$813
21-35	\$975	\$743	\$1,718	\$325	\$743	\$1,068
36-50	\$1,310	\$961	\$2,271	\$430	\$961	\$1,391
51-100	\$1,610	\$1,112	\$2,722	\$535	\$1,112	\$1,647
101-200	\$1,935	\$1,463	\$3,398	\$635	\$1,463	\$2,098
201-500	\$2,240	\$1,512	\$3,752	\$730	\$1,512	\$2,242
501-1000	\$2,545	\$1,600	\$4,145	\$830	\$1,600	\$2,430
1001-2000	\$2,830	\$1,800	\$4,630	\$930	\$1,800	\$2,730
2001 & Above	\$3,030	\$2,114	\$5,144	\$1,030	\$2,114	\$3,144

**Base Fees include the Safety Fee and UBLT

1.055 FEE CHART FOR SEASONAL PERMITS

Seasonal Permits are a minimum of six (6) months and a maximum of 11-months within the 12-month permit term. The original seasonal permit issued may be extended for additional months, not to exceed 11 months. For each extension request, a \$5 fee is required along with an additional fee portion for each additional month per R&TC Section 7236(c)(1). Additional CIFs are not charged for extensions within the permit term.

FEE CHART - SEASONAL CARRIERS

Seasonal carriers (**FOR HIRE only**) are required to pay the CIF in full, but only once upon initial application of their seasonal term. No additional CIF is required when applying for an extension. The CIF is not prorated. **NOTE:** A seasonal MCP is not issued to *INTERSTATE* motor carriers.

FLEET SIZE	CIF+	6 MONTHS	7 MONTHS	8 MONTHS	9 MONTHS	10 MONTHS	11 MONTHS	EXTENSION REQUEST FEE	PER MONTH EXTENSION FEE
1	\$130	\$90	\$95	\$100	\$105	\$110	\$115	\$5	\$5
2-4	\$152	\$141	\$152	\$163	\$174	\$185	\$196	\$5	\$11
5-10	\$252	\$338	\$361	\$384	\$407	\$430	\$453	\$5	\$23
11-20	\$573	\$480	\$520	\$560	\$600	\$640	\$680	\$5	\$40
21-35	\$743	\$655	\$710	\$765	\$820	\$875	\$930	\$5	\$55
36-50	\$961	\$874	\$948	\$1,022	\$1,096	\$1,170	\$1,244	\$5	\$74
51-100	\$1,112	\$1,075	\$1,165	\$1,255	\$1,345	\$1,435	\$1,525	\$5	\$90
101-200	\$1,463	\$1,289	\$1,398	\$1,507	\$1,616	\$1,725	\$1,834	\$5	\$109
201-500	\$1,512	\$1,486	\$1,612	\$1,738	\$1,864	\$1,990	\$2,116	\$5	\$126
501-1000	\$1,600	\$1,688	\$1,831	\$1,974	\$2,117	\$2,260	\$2,403	\$5	\$143
1001-2000	\$1,800	\$1,884	\$2,043	\$2,202	\$2,361	\$2,520	\$2,679	\$5	\$159
2001 & Above	\$2,114	\$2,032	\$2,199	\$2,366	\$2,533	\$2,700	\$2,867	\$5	\$167

1.060 DELINQUENCY FEES

As of January 1, 2016, R&TC, Section 7236(c), instructs the department to collect delinquency fees on MCP applications for late payment of permit fees. Delinquent payments may apply if cited for operating without a permit. Delinquency fees will commence from the date of citation, for original application, or expiration date on a renewal application.

Delinquency fees will continue to accrue until ALL fees are paid and ALL fees must be paid to obtain an MCP.

The delinquency fees are as follows:

- 31 days to 1 year delinquent: 60 percent of required fees due.
- More than 1 year to 2 years delinquent: 80 percent of required fees due.
- More than 2 years delinquent: 160 percent of required fees due.

1.065 MOTOR CARRIER PERMIT RECORDS

The carrier's information contained in the MCP database is public information, except for the following:

- Employee's information provided by carriers with a fleet of 20 or more vehicles.
- EPN requester code number.
- Driver license (DL) number(s).
- FEIN or tax identification number.
- Payment information.
- Social Security Number (SSN).

1.070 EMPLOYER PULL NOTICE (EPN) PROGRAM

The EPN Program provides employers and regulatory agencies with a means of promoting driver safety through the ongoing review of driver records.

An employer enrolled in the EPN Program is assigned a requester code that identifies the employer.

The requester code is added to an employee's DL record.

If the motor carrier does not have a California terminal address, the carrier does not have to be enrolled in the EPN Program. The following carriers are required to be enrolled in the EPN Program:

- All motor carriers of property who employ drivers, use family members, and/or volunteer drivers who are required to be licensed as commercial drivers with a Commercial Class A, Commercial Class B, or a Class C DL with a special certificate or endorsement, issued pursuant to CVC Sections 12517, 12519, 12520, 12523, 12523.5, 12527, 12814.7, or 15278.
- A corporation, LLC, or partnership, when their operation requires a commercial DL.
- An individual that has two (2) or more power units and one or more requires a commercial DL.

An owner-operator is an individual who meets the following requirements:

- Holds a Commercial Class A, Commercial Class B, or a Class C DL with a special certificate or endorsement, issued pursuant to CVC Sections 12517, 12519, 12520, 12523, 12523.5, 12527, 12814.7, or 15278.
- Owns, leases, or otherwise operates not more than three trailers and only one (1) power unit.

MC 500 M Motor Carrier Permit Handbook

The department acts as the employer for owner-operators. An owner-operator must provide their DL number. The department will enroll all owner-operators in the department's EPN account, after verifying the DL number given is valid.

For more information regarding the EPN Program, call (916) 657-6346.

CHAPTER 2 – MOTOR CARRIER PERMIT FORMS

2.000 APPLICATION FOR MOTOR CARRIER PERMIT

The Application for Motor Carrier Permit (MC 706 M) is a 15-section application. The motor carrier completes an application when one of the following occurs:

- The implementation of a new motor carrier operation.
- The carrier wants to reinstate the permit status from a withdrawal or has been suspended or expired over one year.
- A change of ownership, business structure, entity, FEIN, or Secretary of State Entity Number has taken place.
- Submitted in lieu of an MCP Renewal Application (MC 134 M).
- Applying for a Seasonal Permit.

The MC 706 M application must be completed in full; otherwise, the application will be returned.

2.005 RENEWAL APPLICATION

MCP Renewal Application (MC 134 M) is used when a motor carrier:

- Has a valid permit on active status, and is renewing the permit for the next term.
- Is renewing a permit that has been expired less than a year.
- Is renewing a permit with minimal changes.
- Is requesting a voluntary withdrawal of the permit, in lieu of the Request for Voluntary Withdrawal (MC 716 M) form.

The MC 134 M renewal application must be completed in full; otherwise, the renewal application will be returned.

2.010 VOLUNTARY WITHDRAWAL

A motor carrier, who wishes to cease operations as a permitted motor carrier, prior to canceling or terminating liability insurance, and/or prior to the expiration date, must complete and submit a Request for Voluntary Withdrawal (MC 716 M) form. A voluntary withdrawal may also be completed on an MC 134 M renewal application with certification.

Failure to submit a completed and signed MC 716 M or MC 134 M at the time of discontinuation of operations may incur delinquency fees upon the carriers return to the program.

2.015 REFUND

A refund of the fees will only be issued when the vehicle will not be operated intrastate in California during the next term and the new permit term has not begun. The carrier must complete and submit an Application for Refund (ADM 399) to MCP Operations. In addition, a Request for Voluntary Withdrawal (MC 716 M) form must be completed prior to an approval of a refund.

2.020 NOTICE OF CHANGE

A Notice of Change (MC 152 M) form is used when a motor carrier:

- Has a change of name only.
- Has a change of address and/or phone number.
- Is adding or deleting a DBA name.

If the business entity has changed in some way, a new MCP application must be filed and a new CA# must be obtained from the CHP. A Fictitious Business Name Statement is required when adding a DBA name.

2.025 MOTOR CARRIER PERMIT INFORMATION REQUEST

A Motor Carrier Permit Information Request (MC 430 M) form is used to request copies of the following carrier records:

- MCP Application.
- Insurance (liability and Workers' Compensation) certificate.
- Duplicate copy of the MCP.
- Carrier Status Screen.
- Active Carrier List.
- Certified Records.
- Other (describe).

Carrier records can be obtained by submitting the MCP Information Request (MC 430 M) form along with appropriate fees.

Forms submitted without fees will not be processed and will be returned to the requester.

Note: Confidential information as referenced in Section 1.060 of this handbook will not be released per the Driver Privacy Protection Act of 1994.

CHAPTER 3 – INSURANCE

3.000 FINANCIAL RESPONSIBILITY

All carriers applying for an MCP are required to provide proof of financial responsibility (liability insurance).

Liability insurance provides payment for damages incurred. Damages include bodily injury, death, and damage to property other than the property being transported by the carrier per CVC Section 34631.5.

Verification of acceptable and non-acceptable insurance companies is located at the following sites:

- Department of Insurance for National Association of Insurance Commissioners (NAIC) www.insurance.ca.gov.
- California Department of Insurance book (admitted insurers).
- Conservation & Liquidation Office www.caclo.org (insurance certificates from liquidated companies are unacceptable).
- Risk Retention List www.rrr.com/trgspsgs.

3.005 LEVELS OF LIABILITY INSURANCE

The required levels of liability insurance vary from \$300,000 to \$5,000,000 combined single limit depending on the type of the property transported. A combination of primary and excess insurance coverage *is* acceptable to meet the minimum levels of liability required for a permit. However, if the primary insurance coverage is cancelled, the permit is suspended. Separate primary policies cannot be combined to meet the combined single limit requirements.

MC 500 M Motor Carrier Permit Handbook

Use the following guideline to determine the level of liability insurance required. The letter in the first column corresponds to the letter of the application for transportation activities.

IF YOU TRANSPORT:	THEN YOU MUST CARRY:
V Property, other than hazardous materials, in vehicles 10,000 pounds or less GVWR transported by for-hire carriers only.	\$300,000 combined single limit
U Property, other than hazardous materials, (as listed in E, F, G, H, I or T) in vehicles 10,001 pounds or more GVWR.	\$750,000 combined single limit
C 500 pounds or more of any hazardous material for-hire or as a delivery service to customers. (Haz-mat endorsement required on the DL).	\$1,000,000 combined single limit
D Hazardous materials in amounts that require the transporting vehicle to display placards. (Haz-Mat endorsement required on the DL).	\$1,000,000 combined single limit
E Oil listed in the Code of Federal Regulations (CFR) Title 49, Section 172.101 (H/M Table). (Haz-Mat: endorsement required on the DL).	\$1,000,000 combined single limit
F Non-hazardous waste as defined in the California HSC Section 25117 and the CCR, Title 22, Section 66261.1, but not included in G or H. (California regulated only).	\$1,000,000 combined single limit
I Hazardous materials in any amount as defined in the CFR, Title 49, Section 171.8 (including hazardous substances and hazardous waste) and listed in the CFR, Title 29 Section 172.101, but not included in G or H.	\$1,000,000 combined single limit
T Petroleum products in bulk, including waste/haste petroleum products. (Haz-Mat endorsement required on DL).	\$1,200,000 combined single limit
G Hazardous substances in cargo tanks, portable tanks, and hopper vehicles in excess of 3,500 gallon capacity. (Haz-Mat: endorsement required on DL).	\$5,000,000 combined single limit
H Any quantity of division 1.1, 1.2, or 1.3 explosives; any quantity of poison gas (poison A); or highway route controlled quantity radioactive materials as defined in the Section 173.403 or Title 49 CFR, Title 49, Section 173.403. (Haz-Mat: endorsement required on DL).	\$5,000,000 combined single limit
B Property under contract with the U.S. Government (other than U.S. Mail).	Could qualify under any of the above limits depending on the property carried/the vehicle used.

3.010 ACCEPTABLE DOCUMENTS

An acceptable document to file proof of liability insurance is one of the following:

- MC 55 M – Surety Bond
- MC 65 M – Certificate of Insurance
- MC 131 M – Certificate of Self-Insurance

3.015 SURETY BOND

A Surety Bond is a form of liability insurance issued by a bond company. A Surety Bond (MC 55 M) must be issued by a bond company licensed to write Surety Bonds in California.

3.020 CERTIFICATE OF INSURANCE

A Certificate of Insurance (MC 65 M) is issued by the underwriter for the insurer. The form can be mailed or faxed to the department. An incomplete Certificate of Insurance will be returned to the insurer.

There are four (4) types of insurance status:

- Admitted Insurer – an insurance company licensed to write insurance in the state of California.
- Non-admitted Insurer – an insurance company authorized to do business in the state of California subject to the California Insurance Code Section 1763 and includes Surplus Line Brokers who are registered with Department of Insurance.
- Charitable Risk Pool – an insurance provider that is organized and operated exclusively for charitable purpose. They conduct business in the state of California under Nonprofits' Insurance Alliance of California (NIAC) or Nonprofits' United. Charitable Risk Pools are not issued an NAIC number.
- Risk Retention Group – a nonprofit insurance provided that is owned by its members. They conduct business in the state of California under NIAC or Nonprofits' United.

3.025 SELF-INSURANCE

The Certificate of Self-Insurance (MC 131 M) is a certificate of cash deposit or savings passbook account in lieu of a motor vehicle liability policy or surety bond.

To apply for a Certificate of Self-Insurance, a motor carrier must:

- Have a fleet size of 25 or more commercial vehicles registered in the motor carrier name.
- Required level of liability insurance \$300,000 or \$750,000 plus an additional \$5,000 for potential administrative costs.
- Have no unsatisfied judgment(s) against the motor carrier name, DBA, or trade names listed on the application resulting from property damages and/or bodily injury (including death) caused by a motor vehicle accident.
- Complete and submit an Application for Certificate of Self-Insurance (MC 130 M) and Assignment of Deposit (MC 133 M) form.

If complete, a Certificate of Self-Insurance (MC 131 M) will be issued. If the application is incomplete, the department shall notify the applicant in writing within seven (7) calendar days of receipt of an application. The applicant then has 10 days to respond with the requested information. Failure to respond shall cause immediate cancellation of the application. Pursuant to the CCR, Title 13, Article 3.5, Sections 221.00 through 221.12.

3.030 CANCELLATION OF INSURANCE

Cancellation of liability or excess liability insurance may be filed on a Notice of Cancellation of Insurance (MC 66 M) or on a form provided by the insurer as long as it is not for non-payment of premium. Certificates of Insurance (MC 65 M) and Surety Bonds (MC 55 M) shall not be cancelled on less than 30 days written notice from the insurer. The cancellation effective date will be 30 days from the received date, or the effective date on the form, whichever is greater.

3.035 CANCELLATION OF SELF-INSURANCE

Cancellation of a Certificate of Self-Insurance (MC 131 M) (CCR, Title 13, Division 1, Chapter 1, Article 3.5, Section 221.08) happens when the following has occurred:

- Failure to maintain the requirements for obtaining a certificate pursuant to the CCR, Title 13, Division 1, Chapter 1, Article 3.5, Section 221.02.
- Failure to submit requested data in 10 days.
- Failure to provide adequate or greater financial responsibility that may be required because of a change in statute.

3.040 DISBURSEMENT OF ASSIGNMENT OF SELF-INSURANCE

The assignment of self-insurance gives the Deputy Director the authority to disburse money from the principal and from the \$5,000 set-aside for administrative costs (CCR, Title 13, Division 1, Chapter 1, Article 3.5, Section 221.10). The money shall be disbursed for the following purposes:

- To satisfy a final unsatisfied judgment against the motor carrier.
- To recover all or any part of the administrative costs incurred by the department.
- To recover all or any part of the costs incurred when the department (or any of the department's employees) are named as defendants in any action.

3.045 TERMINATION OF SELF-INSURANCE STATUS

Termination of self-insurance status requires the carrier to complete a Request of Voluntary Termination of Certificate of Self-Insurance (MC 132 M) form. The termination of the assignment will be processed at no charge. The Deputy Director will release the assignment held by the department to the assignor seven (7) years after the termination of the MCP; or when acceptable proof of financial responsibility pursuant to CVC Section 34630 is submitted to the department in the form of a Certificate of Insurance (MC 65 M) or a Surety Bond (MC 55 M); or receipt of an incomplete Application for Motor Carrier Permit (MC 706 M) with no further activity on the MCP account.

The Deputy Director may utilize discretion and release the assignment before the seven-year period is complete when satisfied that there are no outstanding claims and unsatisfied final judgments against the motor carrier or former motor carrier. A judge of a superior court may order the return of the money held by the assignment prior to the expiration upon evidence satisfactory to the judge that there are no outstanding claims against the money held by the assignment.

3.050 WORKERS' COMPENSATION INSURANCE

Workers' Compensation provides benefits to employees who are injured or become ill during the course of or due to employment. In California, every employer is required to carry insurance to cover the cost of occupational injuries and illnesses. This insurance requirement is mandatory even if there is only one part-time employee.

Companies based out of state with employees hired in California must also have California Workers' Compensation insurance (reference: State Compensation Insurance Fund (SCIF)). Failure to obtain Workers' Compensation insurance is a misdemeanor and will subject the employer to a Stop Order and/or substantial penalties. An owner-operator is not subject to Workers' Compensation insurance laws. However, an employer must provide Workers' Compensation insurance for the owner-operator when the owner-operator receives a paycheck issued by the employer. An owner-operator is considered an employee when the company does one of the following:

- Provides Workers' Compensation and liability insurance coverage for the employee (owner-operator).
- Schedules the hours and routes to be used by the employee.
- Considers the owner-operator an employee.
- Has the company's CA# on the owner-operator's truck.

An owner-operator who employs only family members is required to provide Workers' Compensation insurance; the only exception is the employment of a spouse, per Labor Code Section 3351.5. The following is a list of the acceptable documents for Workers' Compensation Insurance:

- A Certificate of Insurance (MC 65 M).
- SCIF Electronic Filing.
- A Certificate of Consent to Self-Insure issued by the DIR.

If a carrier is exempt from Workers' Compensation insurance laws, the certification of exemption on the MCP application or renewal application must be completed and signed.

3.055 SELF-INSURANCE AND WORKERS' COMPENSATION CANCELLATION

When the department determines or is notified by the carrier's insurer that the carrier's consent to self-insure or Workers' Compensation insurance will lapse or be terminated, the carrier's permit is suspended. (Workers' Compensation insurance cancels the permit effective the same day as the insurance cancellation date.)

CHAPTER 4 – SUSPENSIONS AND REVOCATION

4.000 MOTOR CARRIER PERMIT SUSPENSION

When a suspension of an MCP has taken place, the permit can be reinstated per CVC Sections 34623.5 and 34631.5(a) when the motor carrier submits the required reinstatement fee and proof of financial responsibility prior to conducting on-highway operation.

The CHP has exclusive jurisdiction for the regulation of safe operations of Motor Carriers of Property per CVC Section 34623(a). An MCP may be cancelled, suspended, and/or revoked due to any of the following:

- Failure to make restitution for a dishonored check.
- Failure to maintain any vehicle of the carrier’s fleet in a safe operating condition or to comply with applicable regulations contained in the CCR Title 13.
- Failure to enroll all required drivers in the EPN Program per CVC Section 1808.1.
- Delinquent in payment of state taxes. (CVC 34623.1)
- Failure of a tax payment plan. (Business and Professions Code 494.5(j)).
- Non-serious violation. CHP will recommend the length of suspension.
- Serious violation, which is a willful failure to perform substance abuse testing in accordance with state or federal law pursuant to CVC Section 34623(c)(1).
- An intentional/uncorrected failure to enroll an employed driver into a CSAT Program.
- An intentional/uncorrected failure to have a CSAT Program in place.
- A knowing use of a medically disqualified driver.
- Concealing legal deficiencies in the motor carrier’s CSAT Program.
- Failure of BIT inspections.
- Failure to submit a written request for a hearing within 90 days of suspension per CVC Section 34623(f) or reinstatement pursuant to CVC 34623(e).
- An action based on notification from the Director of Industrial Relations.
- Suspension and/or revocation of an owner-operator’s DL.
- Failure to maintain liability and/or Workers’ Compensation insurance.

4.005 TYPES OF SUSPENSIONS AND REVOCATIONS

Listed below are the different types of suspensions, revocations and whether a hearing is allowed.

TYPES OF SUSPENSIONS	HEARING ALLOWED
CSAT SUSPENSION	YES
FAILED BIT INSPECTION	YES
LEASING VEHICLES FROM A SUSPENDED CARRIER	YES
INSURANCE CANCELLATION	NO
DIR STOP ORDER	YES
EPN SUSPENSION	NO
FTB SUSPENSION – DELINQUENT TAXES	NO
BOE SUSPENSION – DELINQUENT TAXES	NO
FTB SUSPENSION – FAILURE OF TAX PAYMENT PLAN	NO

TYPES OF REVOCATIONS	HEARING ALLOWED
BOE SUSPENSION – FAILURE OF TAX PAYMENT PLAN	NO
CHP SAFETY RE-INSPECTION REQUEST NOT RECEIVED WITHIN 90 DAYS	NO
FINAL JUDGEMENT FROM DIR	YES

4.010 SUSPENSIONS INITIATED BY DMV

Liability Insurance Suspension

Whenever the department determines or is notified that the Certificate of Insurance (MC 65 M) or Surety Bond (MC 55 M) will lapse or be terminated, the department will suspend the carrier’s permit effective on the date of lapse or termination unless the carrier provides evidence of valid insurance coverage per CVC Section 34630(c).

Workers’ Compensation Insurance Suspension

Whenever the department determines or is notified that the Certificate of Workers’ Compensation Insurance (MC 65 M), SCIF Electronic Filing, or Certification to Self-Insure (MC 131 M), will lapse or be terminated, the department will suspend the carrier’s permit effective on the date of the lapse or termination unless the carrier provides evidence of valid Workers’ Compensation insurance coverage per CVC Section 34640(d).

DIR Suspension

Upon receipt of a Stop Order issued by the Director of Industrial Relations, pursuant to Section 3710.1 of the Labor Code, the department will determine whether the Motor Carrier of Property has filed a false statement relative to Workers’ Compensation insurance coverage, in violation of statute or rules or orders of the department. If, after the notice and opportunity to be heard, the department determines that there has been a violation of statute, the department will, in addition to any other applicable penalty provided in this division, suspend the carrier’s permit per CVC Section 34634(a).

EPN Suspension

The department, upon the suspension or revocation of the driving privilege of an owner-operator, will also suspend the owner-operator’s permit, unless the owner-operator, within 15 days, shows good cause why the permit should not be suspended per CVC Section 34624(d). An expired permit can be suspended; a withdrawn permit cannot be suspended. The \$150 reinstatement fee will be due along with a renewal application and fees.

4.015 SUSPENSIONS INITIATED BY CHP

When CHP determines there are sufficient safety violations and/or failure to comply with the BIT Program, the department will suspend the carrier’s permit per CVC Section 34505.6.

4.020 CHP SUSPENSION PERIODS AND FEES

Any violation that results in a suspension or revocation of the MCP pursuant to CVC Sections 34505.6, 34623, or 34624(d), in addition to any other penalties, shall be sanctioned (CVC 34670) as follows:

- If there have been no prior sanctions imposed on the permit holder, the permit shall be suspended for 30 days.
- If the permit had been suspended once prior in the previous 36 months, the permit shall be suspended for 60 days.
- If the permit had been previously suspended two or more times in the previous 36 months, the permit shall be suspended for 90 days, and a fine of \$1,500 shall be imposed.

When a carrier has multiple suspension reasons, the suspensions will run concurrently. One suspension does not have to end before a 2nd or 3rd suspension starts. For a serious violation such as a willful failure to perform substance abuse testing in accordance with state or federal law:

- For a first offense, a mandatory five-day suspension.
- For a second offense within three years of a first offense, a mandatory three-month suspension.
- For a third offense within three years of a first offense, a mandatory one year suspension.

For a non-serious violation, the suspension period is recommended to the department by the CHP. A suspended permit will be revoked if the carrier does not request a CHP terminal re-inspection within 90 days of the suspension effective date or after a 3rd BIT failure. A motor carrier may not operate a commercial motor vehicle on any public highway in this State when its permit is suspended per CVC Section 34505.6. A motor carrier whose permit is suspended pursuant to CVC Section 34505.6 may not knowingly lease, operate, dispatch, or otherwise utilize any vehicle from a motor carrier whose permit is suspended per CVC Section 34623(i)(2). If the carrier continues to operate without requesting a hearing or a reinstatement, any vehicles operated by the carrier may be impounded by the CHP. The carrier could be penalized with a fine and/or imprisonment.

Only one reinstatement fee is required during periods of multiple suspensions; however, delinquency fees may also apply.

4.025 HEARINGS

DMV's Legal Office will schedule a hearing within 21 days from the receipt of a written request. The hearing is scheduled in a location close to the carrier's place of business. If the hearing finds in favor of the carrier, the action is set-aside, the permit is reinstated, and the MCP database is updated to reflect the reinstatement.

4.030 SET-ASIDE OF CHP SUSPENSION

A set-aside action is defined as an action that dismisses the previous sanction. A set-side action must NOT be processed unless an error occurred.

4.035 REINSTATEMENT OF CHP SUSPENSION

A reinstatement action occurs when the suspension period has lapsed and all requirements are met. To apply for a reinstatement, the carrier must:

- Complete the suspension period.
- Submit a Request for a Reinstatement (MC 115 M-BIT or MC 117 M-CSAT).
- Pay the reinstatement fee and/or fines. If a re-inspection of terminal is required, the reinstatement fee must be paid before a re-inspection is scheduled by CHP, per CVC Section 34623(e).
- Pay any delinquency fees that may have accrued while suspended.

4.040 SUSPENSIONS INITIATED BY FRANCHISE TAX BOARD (FTB) OR STATE BOARD OF EQUALIZATION (BOE)

Delinquent Taxes Suspension

When the department is notified by the FTB or BOE that the name of the motor carrier appears on the certified list of tax delinquencies, the department will suspend the carrier's permit on the 91st day after the "Notice of Intent to Suspend," and "Request for Release" letters have been sent; the letters will be mailed within 30 days of the departments receipt of the list, pursuant to R&TC Section 7063 or 19195.

Failure of Tax Payment Plan Suspension

When FTB or BOE notifies the department that the motor carrier has failed to meet the obligations of their payment plan, the department will suspend the carrier's permit on the 31st day from the date printed on the notices ("Notice of Intent to Suspend" and "Request for Release").

4.045 SET ASIDE OF FTB OR BOE SUSPENSION

Set-Aside of FTB or BOE Delinquent Taxes Suspension

The Delinquent Taxes Suspension will be set-aside when the department receives a release from FTB or BOE within the 90 day pending period.

Set-Aside of FTB or BOE Failure of Tax Payment Plan Suspension

The Failure of Tax Payment Plan Suspension will be set-aside when the department receives a release from FTB or BOE within the 30 day pending period.

Set-Aside of FTB or BOE Suspension in Error

Set-Aside of a Suspended in Error occurs when the motor carrier has submitted a request for release within 45 days after receiving the Notice of Intent to Suspend letter, but FTB or BOE was unable to complete the release review and send notice of its findings to the department before the suspension took effect. As a result, the carrier's permit was suspended in error. The department shall reinstate the permit, retroactive to the suspension action date, and that the suspension action will not reflect on the carrier's record as having taken place.

4.050 REINSTATEMENT OF FTB OR BOE SUSPENSION

The department must reinstate the carrier's permit within five (5) business days of their tax compliance when the department receives the following:

- Release from FTB or BOE
- Reinstatement Fee

4.055 SUSPENSION DUE TO INSURANCE CANCELLATION

If a Notice of Cancellation (MC 66 M) is received and a Certificate of Insurance (MC 65 M) for a new policy is not received, the permit will be suspended effective the date of the insurance cancellation. The suspension is mandatory and for an indefinite period.

4.060 REINSTATEMENT OF INSURANCE SUSPENSION

To reinstate a permit from a liability insurance suspension, one of the following is required:

- A Certificate of Insurance (MC 65 M) or Surety Bond (MC 55 M) showing a new policy number and/or new effective date.
- A Certificate of Insurance (MC 65 M) showing the same policy number and effective date with a new certification date.
- Certificate of Self-Insurance (MC 131 M).

To reinstate a permit from a Workers' Compensation insurance suspension, one of the following is required:

- A Certificate of Insurance (MC 65 M).
- SCIF Electronic Filing.
- A Certificate of Consent to Self-Insure issued by the DIR.

If there is a lapse in insurance coverage, a reinstatement fee is due along with one of the above insurance documents. In the event the permit is suspended at the time of expiration and a renewal application is received, delinquency fees may apply in addition to the reinstatement fee.

4.065 SUSPENSION DUE TO STOP ORDER FROM DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

Upon receipt of a Stop Order, issued by the Director of Industrial Relations, pursuant to Section 3710.1 of the Labor Code, the department shall determine whether the Motor Carrier of Property has filed a false statement relative to Workers' Compensation insurance coverage, in violation of statute, or rules or orders of the department, per CVC Section 34634(a).

4.070 REINSTATEMENT FOLLOWING A DIR SUSPENSION

To reinstate a permit from a DIR suspension, the carrier must:

- Submit a Set-aside of the Stop Order from the DIR (issued when the claim has been settled).
- Submit a Certificate of Insurance (MC 65 M) or SCIF Electronic Filing (if applicable).
- Pay the reinstatement fee.

4.075 EMPLOYER PULL NOTICE (EPN) SUSPENSION

When the department is notified that an action is taken against an owner-operator who is enrolled in the EPN Program, the motor carrier is given 15 days to show "good cause" why the permit should not be suspended. The department will suspend the permit after 15 days has lapsed and the motor carrier has failed to respond or provide evidence of "good cause".

4.080 REINSTATEMENT OF EPN SUSPENSION

To reinstate a permit from an EPN suspension, the following is required:

- Proof the DL has been reinstated.
- Reinstatement fee due if 15 or more days have lapsed.

4.085 OPERATING A VEHICLE WITH A SUSPENDED PERMIT

A motor carrier who continues to operate after having their permit suspended, either independently or for another motor carrier, is guilty of a misdemeanor, punishable by a fine of not more than \$2,500 or by imprisonment in the county jail for not more than three months or by both fine and imprisonment per CVC Section 34660(a). CHP may impound any vehicle operated under a suspended permit per CVC Section 34660(d).

4.090 REINSTATEMENT FEE

An MCP suspended or revoked shall not be reinstated until a fee of \$150 has been paid and the permit holder has met all requirements for the issuance of a permit per CVC Section 34671.