

JAN 23 2006

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that broad motor vehicle
2 insurance coverage is generally consistent with public policy.
3 The Hawaii Supreme Court has construed Hawaii law to the effect
4 that a relative of a named insured, even if temporarily absent
5 and living elsewhere, is nevertheless a resident of the named
6 insured's household and therefore is covered under the named
7 insured's policy. See *Mikelson v. United Services Automobile*
8 *Ass'n*, 107 Hawai'i 192, 111 P.3d 601 (2005). This broad state
9 policy may from time to time result in severe hardship to
10 certain consumers. An insured with a good driving record, with
11 whom a relative resides having an extensive history of serious
12 moving violations or costly insurance claims, may be unable to
13 find affordable insurance coverage. Adoption of a named driver
14 exclusion would enable insurers to provide coverage at
15 reasonable rates to applicants with good driving records, and to
16 offer coverage to drivers with extensive negative history at
17 premiums more reflective of the risk.



1 The purpose of this Act is to establish a named driver
2 exclusion in the Hawaii Motor Vehicle Insurance Act.

3 SECTION 2. Section 431:10C-103, Hawaii Revised Statutes,
4 is amended by amending the definition of "insured" to read:

5 "Insured" means:

6 (1) The person identified by name as insured in a motor
7 vehicle insurance policy complying with section
8 431:10C-301; and

9 (2) A person residing in the same household with a named
10 insured, except a designated person excluded pursuant
11 to section 431:10C- , specifically:

12 (A) A spouse or reciprocal beneficiary or other
13 relative of a named insured; and

14 (B) A minor in the custody of a named insured or of a
15 relative residing in the same household with a
16 named insured.

17 A person resides in the same household if the person
18 usually makes the person's home in the same family unit, which
19 may include reciprocal beneficiaries, even though the person
20 temporarily lives elsewhere."



1 SECTION 3. Chapter 431:10C, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§431:10C- Exclusion of designated persons. (a) Any
5 provision of this chapter to the contrary notwithstanding, an
6 insurer may offer to exclude all coverage under a no-fault
7 policy when a designated person is operating the insured motor
8 vehicle. Any such exclusion shall be requested and agreed to by
9 the insured as shown by the signature of the insured. The
10 written agreement between the insurer and the insured shall be
11 effective for each renewal of the policy by the insurer and
12 shall remain in effect until the insurer agrees in writing to
13 provide coverage for the designated person previously excluded
14 from coverage.

15 (b) Driver exclusion endorsements shall be substantially
16 similar to the following form:

17 "DRIVER EXCLUSION ENDORSEMENT
18 Nothing herein contained shall alter, vary, waive or extend any
19 of the terms, conditions, agreements or limits of the under
20 mentioned policy other than as stated herein below.



1 Effective -- 12:01 a.m., Hawaiian Standard Time. Attached to
 2 and forming part of Policy No. issued to
 3 (name of insured) by (insert name of insurance
 4 company). In consideration of the premium for which the policy
 5 is written, it is agreed that the company shall not be liable,
 6 and no liability or obligation of any kind shall be attached to
 7 the company, for losses, injuries or damages sustained after the
 8 effective date of this endorsement while any motor vehicle is
 9 operated, maintained or used by (name of
 10 excluded driver(s)).

11 Date:

12 _____ (signature) ""

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.

15

INTRODUCED BY: *[Signature]*
By Request

SB2091

Report Title:

Motor Vehicle Insurance; Named Driver Exclusion

Description:

Establishes a new section in chapter 431:10C to authorize exclusion of designated persons from coverage under a motor vehicle insurance policy, upon acknowledgment of the insured.

