
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. Chapter 431:10C, Hawaii Revised Statutes, is
4 amended by adding a new section to part III to be appropriately
5 designated and to read as follows:

6 "§431:10C- Exclusion of designated persons. (a) An
7 insurer may exclude from coverage under a motor vehicle
8 insurance policy any person operating a motor vehicle and
9 specifically designated or excluded by the insurer. Any such
10 exclusion shall be acknowledged by the signature of the primary
11 named insured. The written agreement between an insurer and the
12 primary named insured shall be effective for each renewal of the
13 policy by an insurer and shall remain in effect until the
14 insurer and primary named insured agree in writing to provide
15 coverage for the person or persons who were previously excluded
16 from coverage.

17 (b) Endorsements shall be substantially similar to the
18 following form:

19 **DRIVER EXCLUSION ENDORSEMENT**

20 Nothing herein contained shall alter, vary, waive, or extend any
21 of the terms, conditions, agreements, or limits of the
22 under-mentioned policy other than as stated hereinbelow.

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

10 Date:

11 _____ (signature) _____"

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

14 ""Insured" means:

15 (1) The person identified by name as insured in a motor
 16 vehicle insurance policy complying with section
 17 431:10C-301; and

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

21 (A) A spouse or reciprocal beneficiary or other
 22 relative of a named insured; and



1 (B) A minor in the custody of a named insured or of a
2 relative residing in the same household with a
3 named insured.

4 A person resides in the same household if the person
5 usually makes the person's home in the same family unit, which
6 may include reciprocal beneficiaries, even though the person
7 temporarily lives elsewhere."

8 SECTION 4. This Act shall not affect rights and duties
9 that matured, penalties that were incurred, and proceedings that
10 were begun, before its effective date.

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2050.



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 primary named insured. (SD1)

