

JAN 24 2007

A BILL FOR AN ACT

RELATING TO VEHICLE REGISTRATION.

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

1 SECTION 1. The legislature finds that despite the
2 requirement that all motor vehicles and trailers in the State of
3 Hawaii have appropriate vehicle liability insurance at all
4 times, there are a large number of vehicles, perhaps twenty
5 percent or even higher, that are not insured. While proof of
6 insurance is required when renewing a safety check on a motor
7 vehicle, too often the registered owner buys insurance only for
8 the purpose of obtaining the required insurance card and then
9 cancels the vehicle insurance, continuing to drive the vehicle
10 without insurance. There is also the problem of forged
11 insurance cards.

12 The result of such abuses is a heavy burden on the bulk of
13 registered owners in Hawaii who, when involved in an accident
14 with an uninsured motorist, find themselves unable to obtain
15 appropriate compensation from the individual liable for the
16 accident or, if they have uninsured motorist coverage, having to
17 use their own insurance to cover the costs. The plight is even



1 more egregious for pedestrians and cyclists, some of whom may
2 not even own a motor vehicle and thus do not possess any of
3 their own insurance to cover such accidents.

4 This legislation makes it substantially more difficult for
5 a registered vehicle owner to continue to operate an uninsured
6 vehicle in violation of State law. It provides that the company
7 insuring the vehicle must provide a certificate of insurance to
8 the director of finance of the appropriate county indicating
9 that the vehicle in question has liability insurance that
10 conforms to the laws of the State of Hawaii and that it remains
11 in effect.

12 This legislation further provides for cancellation of
13 registration by the county director of finance upon insurance
14 cancellation. Insurance companies are required to notify the
15 director of finance of insurance cancellation. Failure of the
16 insurance company to provide notice results in the insurance
17 remaining in effect and the insurer remaining on the hook for
18 the policy provisions.

19 SECTION 1. Section 286-41, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "§286-41 Application for registration; full faith and
22 credit to current certificates; this part not applicable to



1 certain equipment. (a) Every owner of a motor vehicle which is
2 to be operated upon the public highways shall, for each vehicle
3 owned, except as herein otherwise provided, apply to the
4 director of finance of the county where the vehicle is to be
5 operated, for the registration thereof. If a vehicle is moved
6 to another county and is to be operated upon the public highways
7 of that county, the existing certificate of registration shall
8 be valid until its expiration date, at which time the owner
9 shall apply to the director of finance of the county in which
10 the vehicle is then located for the registration of the vehicle,
11 whether or not the owner is domiciled in the county or the
12 owner's principal place of business is in that county, except
13 that this provision shall not apply to vehicles which are
14 temporarily transferred to another county for a period of not
15 more than three months.

16 (b) Application for the registration of a vehicle shall be
17 made upon the appropriate form furnished by the director of
18 finance and shall contain the name, occupation, and address of
19 the owner and legal owner; and, if the applicant is a member of
20 the United States naval or military forces, the applicant shall
21 give the organization and station. All applications shall also
22 contain a description of the vehicle, including the name of the



1 maker, the type of fuel for the use of which it is adapted
2 (e.g., gasoline, diesel oil, liquefied petroleum gas), the
3 serial or motor number, and the date first sold by the
4 manufacturer or dealer, and such further description of the
5 vehicle as is called for in the form, and such other information
6 as may be required by the director of finance, to establish
7 legal ownership. A person applying for initial registration of
8 a neighborhood electric vehicle shall certify in writing that a
9 notice of the operational restrictions applying to the vehicle
10 as provided in section 291C-134 are contained on a permanent
11 notice attached to or painted on the vehicle in a location that
12 is in clear view of the driver.

13 (c) If the vehicle to be registered is specially
14 constructed, reconstructed, or rebuilt; is a special interest
15 vehicle; or is an imported vehicle, this fact shall be stated in
16 the application and upon the registration of the special
17 interest motor vehicle and imported motor vehicle, which has
18 been registered until that time in any other state or county,
19 and the owner shall surrender to the director of finance the
20 certificates of registration or other evidence of such form of
21 registration as may be in the applicant's possession or control.
22 The director of finance shall grant full faith and credit to the

1 currently valid certificates of title and registration
2 describing the vehicle, the ownership thereof, and any liens
3 noted thereon, issued by any title state or county in which the
4 vehicle was last registered. The acceptance by the director of
5 finance of a certificate of title or of registration issued by
6 another state or county, as provided in this subsection, in the
7 absence of knowledge that the certificate is forged, fraudulent,
8 or void, shall be a sufficient determination of the genuineness
9 and regularity of the certificate and of the truth of the
10 recitals therein, and no liability shall be incurred by any
11 officer or employee of the director of finance by reason of so
12 accepting the certificate.

13 (d) The owner of every motor vehicle of the current,
14 previous, and subsequent year model bought out-of-state,
15 subsequently brought into the State, and subject to the use tax
16 under chapter 238 shall provide with the application for
17 registration proof of payment of the use tax pursuant to
18 requirements established by the department of taxation. No
19 registration certificate shall be issued without proof of
20 payment of the use tax.

21 ~~[(e) Notwithstanding any other law to the contrary, the~~
22 ~~director of finance of the county in which the application for~~



1 ~~registration is sought shall not require proof of insurance as a~~
2 ~~condition to satisfy the requirements of this part. This~~
3 ~~subsection shall apply only to the initial registration of any~~
4 ~~motor vehicle.~~

5 ~~(f)]~~ (e) The provisions of this part requiring the
6 registration of motor vehicles shall not apply to:

- 7 (1) Special mobile equipment;
- 8 (2) Implements of husbandry temporarily drawn, moved, or
9 otherwise propelled upon the public highways; and
- 10 (3) Aircraft servicing vehicles which are being used
11 exclusively on lands set aside to the department of
12 transportation for airport purposes."

13 SECTION 2. Section 286-61, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "§286-61 Penalty. Any person who violates sections 286-
16 41, 286-42, 286-44.5 to 286-56.5, [and] 286-58 to 286-60, 286-
17 , and 286-, shall be fined not less than \$5 nor more than
18 \$1,000; provided that any corporate owner of a motor vehicle who
19 fails to register a motor vehicle as required by section 286-
20 41(a) following a transfer of the vehicle between counties shall
21 be fined \$1,000 for each violation. Any person who violates
22 section 286-43, 286-44, or 286-57 shall be fined not less than



1 \$5 and not more than \$1,000 or imprisoned not more than one
2 year, or both. "

3 SECTION 1. Chapter 286, Hawaii Revised Statutes, is amended
4 by adding two new sections to be appropriately designated and to
5 read as follows:

6 "§286- Certificate of insurance or bond as condition of
7 vehicle registration. (a) Notwithstanding any other law to the
8 contrary, no motor vehicle or trailer shall be registered in any
9 county of the State unless:

10 (1) The application for registration is accompanied by a
11 certificate of insurance in conformity with chapters
12 287 and 431 from an automobile insurance company
13 licensed to do business in the State; or
14 (2) The director of finance issuing such registration is
15 otherwise satisfied that the provisions of compulsory
16 motor vehicle liability insurance have been met for
17 such applicant and vehicle. The certificate of
18 insurance shall be maintained with the certificate of
19 vehicle registration.

20 (b) The director of finance shall revoke any certificate
21 of registration if the director of finance is satisfied that the
22 certificate of insurance accompanying the registration



1 application has not been maintained for a period at least
2 coterminous with that of any registration issued in connection
3 with a registration application. Any person aggrieved by any
4 revocation by any director of finance may appeal the revocation
5 under section 286-58.

6 (c) The director of finance shall also issue a certificate
7 of registration upon:

8 (1) The filing of a bond, satisfactory to the department
9 in form and amount, covering all motor vehicles and
10 trailers of the obligor for which application for
11 registration may be made, containing the condition of
12 a motor vehicle surety bond as provided for in
13 chapters 287 and 431; or

14 (2) Presentation of satisfactory evidence of adequate
15 personal injury liability coverage, whether in the
16 form of cash or security, providing indemnity or
17 protection equal to motor vehicle liability policies
18 as required by chapter 431.

19 (d) Vehicles owned by the State, the counties, and the
20 federal government shall not be subject to the requirements of
21 this section.



1 (e) Penalties pursuant to this chapter, and sections 287-
2 44 and 431:10C-117, shall be applicable to any person in
3 violation of relevant laws of this section."

4 §286- Revocation of registration upon notice of
5 cancellation; new certificate. (a) Upon cancellation of the
6 motor vehicle insurance or bond pursuant to 286- , the motor
7 vehicle insurer or bondholder shall, within twenty-four hours,
8 notify the department by certified mail, or by such other
9 comparable means as the director of finance shall prescribe, of
10 such cancellation and shall verify receipt by the department of
11 such notice of cancellation.

12 (b) If notice and verification are not provided by the
13 motor vehicle insurer or bondholder, the insurance or bond shall
14 remain in effect and the insurer or bondholder shall continue to
15 be liable under the terms of the policy or bond issued.

16 (c) When the director of finance receives notice of the
17 cancellation of any motor vehicle insurance, the director of
18 finance shall revoke the registration of such motor vehicle on
19 the effective date of the cancellation as specified in the
20 notice, unless:



1 (1) Not later than two days prior to such effective date,
2 the director shall have received a new certificate of
3 insurance covering the same motor vehicle; or

4 (2) The revocation shall have been stayed by an order of
5 an administrative agency or state court, pursuant to
6 chapters 287 and 431, which order has duly been served
7 upon the director of finance.

8 (d) Upon the revocation of registration of any motor
9 vehicle, the director of finance shall notify the owner of the
10 motor vehicle of the cancellation of registration and that
11 further operation of the motor vehicle is prohibited.

12 (e) The director of finance shall ensure that any notice
13 of cancellation is given to all law enforcement agencies charged
14 with traffic enforcement for inclusion in their systems of
15 record.

16 (f) The director of finance shall, upon receipt of a
17 notice of the cessation of the authority of an insurance or
18 surety company to issue or execute motor vehicle liability
19 policies or bonds in the State and upon the written request of
20 the commissioner of insurance, send written notices to every
21 owner of a motor vehicle covered by a motor vehicle liability
22 policy or bond issued or executed by such a company that the



1 registration thereof shall be revoked unless within twenty days
2 after the sending of the notice a new certificate from an
3 authorized insurer or surety company is filed with the director;
4 provided, that if the authority of such a company to issue or
5 execute motor vehicle liability policies or bonds in the state
6 ceases by reason of its merger or consolidation with another
7 company so authorized, and it is proved to the satisfaction of
8 the commissioner of insurance that the new or continuing company
9 has assumed all the obligations and liabilities of such company
10 under all such policies or bonds issued by it, such notice of
11 the director of finance shall not be required with respect to
12 policies or bonds so issued before the date of the merger or
13 consolidation.

14 (g) Upon the failure of an owner of a motor vehicle to
15 have a new certificate filed by an authorized insurer or to
16 obtain bonds and have notice of such filed as required by this
17 section, the director of finance shall revoke the registration
18 thereof; provided, that if a new certificate is filed prior to
19 the final date of the cancellation of the existing policy or
20 bond, the director of finance may rescind such revocation.

21 (h) The director of finance shall, upon receipt of an
22 attested copy of a finding and order of an appropriate



1 administrative board or of a decree of a state court ordering
2 the reinstatement of a motor vehicle liability policy or bond,
3 rescind the revocation of the registration of the motor vehicle
4 covered thereby. This section shall not preclude the director
5 of finance from issuing such reinstatement on his own authority
6 as provided by law.

7 (i) Any notice required by this section to be given by any
8 county shall be deemed sufficient if mailed by the director of
9 finance, or any person authorized by the director of finance to
10 send such notice, postage prepaid, to the address given on the
11 application for registration, and an affidavit of the director
12 of finance or such person that the notice has been mailed shall
13 be prima facie evidence thereof.

14 (j) Penalties pursuant to this chapter, and sections 287-
15 44 and 431:10C-117, shall be applicable to any person in
16 violation of relevant laws of this section."

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act shall take effect upon its approval.
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Report Title:

Insurance as a condition of vehicle registration

Description:

Requires insurance as a condition of vehicle registration, making it more difficult for a registered vehicle owner to continue to operate an uninsured vehicle in violation of state law.

