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## 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, article 10C, Hawaii Revised  
4 Statutes, is amended by adding a new section to part III to be  
5 appropriately 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 named  
11 insured. The written agreement between an insurer and the named  
12 insured shall be effective for each renewal of the policy by an  
13 insurer and shall remain in effect until the insurer and named  
14 insured agree in writing to provide coverage for the person or  
15 persons who were previously excluded from coverage.

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

18 **DRIVER EXCLUSION ENDORSEMENT**

19 Nothing herein contained shall alter, vary, waive, or  
20 extend any of the terms, conditions, agreements, or  
21 limits of the under-mentioned policy other than as  
22 stated herein below. Effective (date) 12:01 a.m.,



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

11       Date: \_\_\_\_\_  
 12       \_\_\_\_\_ (signature) \_\_\_\_\_ "

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

- 16       "Insured" means:
- 17       (1) The person identified by name as insured in a motor
  - 18       vehicle insurance policy complying with section
  - 19       431:10C-301; and
  - 20       (2) A person residing in the same household with a named
  - 21       insured, except a designated person excluded pursuant
  - 22       to section 431:10C- \_\_\_\_\_ , specifically:

1 (A) A spouse or reciprocal beneficiary or other  
2 relative of a named insured; and

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

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

10 SECTION 4. This Act does not affect rights and duties that  
11 matured, penalties that were incurred, and proceedings that were  
12 begun, before its effective date.

13 SECTION 5. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:



JAN 22 2009



**Report Title:**

Motor Vehicle Insurance; Named Insured Exclusion

**Description:**

Permits insurer to exclude from coverage under a motor vehicle insurance policy any person specifically designated by the insurer and acknowledged by the insured.

