

JAN 28 2009

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

- 1 SECTION 1. Section 431:10C-109, Hawaii Revised Statutes,
2 is amended to read as follows:
- 3 "§431:10C-109 Motor vehicle insurance identification card
4 after cancellation of policy; return to insurer, civil
5 sanctions. (a) When a motor vehicle insurance policy is
6 canceled before the end of the policy period, the insured shall,
7 within thirty days after being notified of the cancellation:
- 8 (1) Return the motor vehicle insurance identification card
9 to the insurer for the policy; or
- 10 (2) If the card is lost or stolen, submit to the insurer
11 an affidavit signed by the insured stating that fact
12 to the insurer.
- 13 (b) The insurer's notice of cancellation shall include:
- 14 (1) The reason for the cancellation; and
15 (2) A statement of actions which may be taken under this
16 section if the card is not returned.



1 (c) If the card or affidavit is not returned within the
2 period specified, the insurer may:

3 (1) If the premiums for the period shown on the motor
4 vehicle insurance identification card have been
5 prepaid, withhold the unearned portions of the
6 premiums until the identification card or an affidavit
7 signed by the insured has been returned. In addition,
8 all premiums shall be considered "earned" until the
9 card is returned.

10 (2) If the premiums for the period shown on the
11 identification card have not been paid in full, bring
12 a civil action for three times the unpaid portion of
13 the premiums. Notwithstanding section 607-14, the
14 insurer shall be awarded reasonable attorney's fees
15 and court costs. If the motor vehicle insurance
16 identification card is returned after the civil action
17 is filed but before the matter is taken to trial, the
18 insurer shall be awarded damages of not less than
19 \$100, but not more than the amount of the unpaid
20 premiums together with reasonable attorney's fees and
21 costs as provided in this section.

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1 (d) When a motor vehicle insurance policy is canceled by
2 the insured before the end of the policy period, in addition to
3 the requirements of subsection (a), the insured shall, within
4 seven days of the cancellation:

5 (1) Submit proof to the insurer that the insured has
6 obtained alternate motor vehicle insurance coverage
7 for any vehicles covered under the policy;

8 (2) Submit proof to the insurer that title of the vehicle
9 covered under the policy has been transferred from the
10 insured;

11 (3) Submit a police report to the insurer reporting the
12 theft of the vehicle; or

13 (4) Submit proof that the vehicle has been rendered
14 inoperable.

15 (e) If the proof of alternate insurance, transfer of
16 title, or vehicle inoperability required under subsection (b) is
17 not submitted to the insurer, the insurer shall not return any
18 portion of the unearned premium.

19 [~~d~~] (f) Notwithstanding the provisions of this section,
20 the imposition of criminal sanctions under section 431:10C-117
21 shall not be precluded."



S.B. NO. 1216

1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on July 1, 2009.

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Report Title:

Motor Vehicle Insurance; Cancellation; Civil Sanctions

Description:

Prohibits the return of unearned premiums after cancellation of a motor vehicle insurance policy unless the insured provides proof of alternate coverage or proof of transfer of title, theft of the vehicle, or inoperability of the vehicle.

