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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  
9 interpretation of coverage may from time to time result in  
10 severe hardship to certain consumers. In this regard, an  
11 insured with a good driving record may be unable to find  
12 affordable insurance coverage, if the insured resides with a  
13 relative who has an extensive history of serious moving  
14 violations or costly insurance claims.

15           A named driver exclusion would enable insurers to provide  
16 coverage at reasonable rates to applicants with good driving



1 records, and to offer coverage to drivers with extensive  
2 negative history at premiums more reflective of the risk.

3 The purpose of this Act is to establish a named driver  
4 exclusion in the Hawaii motor vehicle insurance code.

5 SECTION 2. Chapter 431:10C, Hawaii Revised Statutes, is  
6 amended by adding a new section to part III to be appropriately  
7 designated and to read as follows:

8 "§431:10C- Exclusion of designated persons. (a) An  
9 insurance policy covering a motor vehicle may exclude from  
10 coverage any person specifically designated as excluded by the  
11 named insured. Any exclusion shall be acknowledged between an  
12 insurer and the named insured, by the signature of the named  
13 insured on a written endorsement. The endorsement shall be  
14 effective for each renewal of the policy and shall remain in  
15 effect until the insurer and named insured agree in writing to  
16 provide coverage for the person who was excluded from coverage  
17 or the endorsement is removed from the policy.

18 (b) The endorsement to exclude coverage under subsection  
19 (a) shall be substantially similar to the following form:

20 "DRIVER EXCLUSION ENDORSEMENT

21 Nothing herein contained shall alter, vary, waive, or  
22 extend any of the terms, conditions, agreements, or



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

13 Date:  
 14 (signature of named insured)"

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

18 "Insured" means:  
 19 (1) The person identified by name as insured in a motor  
 20 vehicle insurance policy complying with section  
 21 431:10C-301; and

1 (2) A person residing in the same household with a named  
2 insured, specifically:

3 (A) A spouse or reciprocal beneficiary or other  
4 relative of a named insured; and

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

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

12 Notwithstanding paragraphs (2) (A) and (2) (B), "insured"  
13 shall not include persons who are named and excluded under a  
14 valid endorsement pursuant to section 431:10C- ."

15 SECTION 4. This Act does not affect rights and duties that  
16 matured, penalties that were incurred, and proceedings that were  
17 begun, before its effective date.

18 SECTION 5. New statutory material is underscored.

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

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INTRODUCED BY: Randy H. Park

**Report Title:**

Motor Vehicle Insurance

**Description:**

Creates a driver exclusion endorsement to enable a named insured to exclude specified persons from being covered under a policy.

