
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. Under this broad
11 interpretation of coverage, it is possible that an insured with
12 a good driving record may be unable to find affordable insurance
13 coverage, if the insured resides with a relative who has an
14 extensive history of serious moving violations or costly
15 insurance claims.

16 A named driver exclusion would enable insurers to provide
17 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 by the
12 signature of the named insured and the excluded person on a
13 written endorsement. The endorsement shall be effective for
14 each renewal of the policy and shall remain in effect until the
15 insurer and named insured agree in writing to provide coverage
16 for the person who was excluded from coverage or the endorsement
17 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., Hawaii
3 Standard Time. Attached hereto and forming part of
4 Policy No. _____ issued to (name of insured) by
5 (name of insurance company). In consideration of the
6 premium for which the policy is written, it is agreed
7 that the company shall not be liable, and no liability
8 or 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 (c) This section shall not apply to insurance policies for
16 motor vehicles used for commercial uses as defined in section
17 431:10C-407(b)(1)(C) and (D)."

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

21 ""Insured" means:

1 (1) The person identified by name as insured in a motor
2 vehicle insurance policy complying with section
3 431:10C-301; and

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

6 (A) A spouse or reciprocal beneficiary or other
7 relative of a named insured; and

8 (B) A minor in the custody of a named insured or of a
9 relative residing in the same household with a
10 named insured.

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

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

18 SECTION 4. This Act does not affect rights and duties that
19 matured, penalties that were incurred, and proceedings that were
20 begun, before its effective date.

21 SECTION 5. New statutory material is underscored.

1 SECTION 6. This Act shall take effect on July 1, 2015;
2 provided that on June 30, 2020, sections 2 and 3 of this Act
3 shall be repealed and section 431:10C-103, Hawaii Revised
4 Statutes, shall be reenacted in the form in which it read on the
5 day before the approval of this Act.

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.
(SD1)