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# A BILL FOR AN ACT

RELATING TO INSURANCE.

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

**PART I**

1  
2 SECTION 1. (a) There is established a working group to  
3 assist in the development of a program to identify uninsured  
4 motor vehicles in the State using web-based technology. The  
5 working group shall be attached to the department of commerce  
6 and consumer affairs for administrative purposes.

7 (b) The purpose of the working group, as described in  
8 subsection (c), shall be to provide recommendations regarding:

9 (1) The development of a request for proposals from  
10 qualified vendors to perform all services necessary to  
11 develop and operate the motor vehicle insurance  
12 verification program; provided that the program shall  
13 include the following:

14 (A) Adherence to established industry standards for  
15 real-time automotive liability insurance  
16 verifications as prescribed by the Insurance  
17 Industry Committee on Motor Vehicle  
18 Administration;



- 1 (B) Sending of notification letters to uninsured
- 2 motorists, specifically targeting repeat
- 3 offenders, with additional checks;
- 4 (C) Providing for suspension of motor vehicle
- 5 registration upon failure to respond to
- 6 notification letters; and
- 7 (D) Implementation of the program by January 1, 2015;
- 8 (2) The selection of a qualified vendor;
- 9 (3) Ways to exclude commercial vehicles from the motor
- 10 vehicle insurance verification program;
- 11 (4) Providing for an alternative means of reporting
- 12 requirements for small insurers; and
- 13 (5) Appropriate benchmarking criteria and reporting
- 14 requirements to determine program efficacy and measure
- 15 the proportion of uninsured motor vehicles to insured
- 16 motor vehicles.
- 17 (c) The working group shall comprise the following members
- 18 or the members' designee:
- 19 (1) The insurance commissioner;
- 20 (2) The deputy chief court administrator of the district
- 21 court of the first circuit;





1 SECTION 2. Chapter , Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§ -A Motor vehicle insurance verification program. (a)

5 The department of commerce and consumer affairs shall develop  
6 and operate a program to identify uninsured motor vehicles in  
7 the State.

8 (b) The allocated portion of motor vehicle registration  
9 fees provided for by section 249-31 shall be deposited by the  
10 director of commerce and consumer affairs to the credit of the  
11 compliance resolution fund established pursuant to section  
12 26-9(o). The allocated portion of fines provided for by section  
13 431:10C-117 shall be deposited into the general fund."

14 SECTION 3. Section 249-31, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "§249-31 State registration fee. (a) All vehicles and  
17 motor vehicles in the State as defined in section 249-1,  
18 including antique motor vehicles, except as otherwise provided  
19 in sections 249-4 and 249-6, shall be subject to a [\$45]  
20 \$\_\_\_\_\_ annual vehicle registration fee. The fee shall be  
21 paid each year together with all other taxes and fees levied by  
22 this chapter on a staggered basis as established by each county



1 as authorized by section 286-51, and the state registration for  
2 that county shall likewise be staggered so that the state  
3 registration fee is due and payable at the same time and shall  
4 be collected together with the county fee. The state  
5 registration fee shall be deemed delinquent if not paid with the  
6 county registration fee. The respective counties shall collect  
7 this fee together with the vehicle registration tax collected  
8 for the county and shall transfer the moneys collected under  
9 this section to the State.

10 (b) From each annual motor vehicle registration fee, the  
11 director shall deposit \$40 into the state highway fund [~~and~~], \$5  
12 into the emergency medical services special fund[-], and  
13 \$                      into the compliance resolution fund."

14 SECTION 4. Section 431:10C-117, Hawaii Revised Statutes,  
15 is amended by amending subsection (a) to read as follows:

16 "(a) (1) Any person subject to this article in the  
17 capacity of the operator, owner, or registrant of a  
18 motor vehicle operated in this State, or registered in  
19 this State, who violates any applicable provision of  
20 this article, shall be subject to citation for the  
21 violation by any county police department in a form



1 and manner approved by the traffic violations bureau  
2 of the district court of the first circuit;

3 (2) Notwithstanding any provision of the Hawaii Penal  
4 Code:

5 (A) Each violation shall be deemed a separate offense  
6 and shall be subject to a fine of not less than  
7 \$100 nor more than \$5,000 which shall not be  
8 suspended except as provided in subparagraph (B);  
9 and

10 (B) If the person is convicted of not having had a  
11 motor vehicle insurance policy in effect at the  
12 time the citation was issued, the fine shall be  
13 \$500 for the first offense and a minimum of  
14 \$1,500 for each subsequent offense that occurs  
15 within a five-year period from any prior offense;  
16 provided that the judge:

17 (i) Shall have the discretion to suspend all or  
18 any portion of the fine if the defendant  
19 provides proof of having a current motor  
20 vehicle insurance policy; provided further  
21 that upon the defendant's request, the judge  
22 may grant community service in lieu of the



1 fine, of not less than seventy-five hours  
2 and not more than one hundred hours for the  
3 first offense, and not less than two hundred  
4 hours nor more than two hundred seventy-five  
5 hours for the second offense; and

6 (ii) May grant community service in lieu of the  
7 fine for subsequent offenses at the judge's  
8 discretion;

9 (3) In addition to the fine in paragraph (2), the court  
10 shall either:

11 (A) Suspend the driver's license of the driver or of  
12 the registered owner for:

13 (i) Three months for the first conviction; and

14 (ii) One year for any subsequent offense within a  
15 five-year period from a previous offense;

16 provided that the driver or the registered owner  
17 shall not be required to obtain proof of  
18 financial responsibility pursuant to section  
19 287-20; or

20 (B) Require the driver or the registered owner to  
21 keep a nonrefundable motor vehicle insurance  
22 policy in force for six months;



1           (4) Any person cited under this section shall have an  
2           opportunity to present a good faith defense, including  
3           but not limited to lack of knowledge or proof of  
4           insurance. The general penalty provision of this  
5           section shall not apply to:

6           (A) Any operator of a motor vehicle owned by another  
7           person if the operator's own insurance covers  
8           such driving;

9           (B) Any operator of a motor vehicle owned by that  
10          person's employer during the normal scope of that  
11          person's employment; or

12          (C) Any operator of a borrowed motor vehicle if the  
13          operator holds a reasonable belief that the  
14          subject vehicle is insured;

15          (5) In the case of multiple convictions for driving  
16          without a valid motor vehicle insurance policy within  
17          a five-year period from any prior offense, the court,  
18          in addition to any other penalty, shall impose the  
19          following penalties:

20          (A) Imprisonment of not more than thirty days;

21          (B) Suspension or revocation of the motor vehicle  
22          registration plates of the vehicle involved;





- 1 (C) Impoundment, or impoundment and sale, of the
- 2 motor vehicle for the costs of storage and other
- 3 charges incident to seizure of the vehicle, or
- 4 any other cost involved pursuant to section
- 5 431:10C-301; or
- 6 (D) Any combination of those penalties; [and]
- 7 (6) Any violation as provided in subsection (a) (2) (B)
- 8 shall not be deemed to be a traffic infraction as
- 9 defined by chapter 291D[-]; and
- 10 (7) \$ \_\_\_\_\_ of any fine imposed under this subsection
- 11 shall be deposited into the general fund."

**PART III**

13 SECTION 5. Section 286-26, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "**§286-26 Certificates of inspection.** (a) The following  
16 vehicles shall be certified as provided in subsection (e) once  
17 every year:

- 18 (1) Trucks, truck-tractors, semitrailers, and pole
- 19 trailers having a gross vehicle weight rating of more
- 20 than 10,000 pounds;
- 21 (2) Buses;



1 (3) Rental or U-drive motor vehicles two years of age or  
2 older; and

3 (4) Taxicabs.

4 Ambulances shall be certified as provided in subsection (e) once  
5 every six months.

6 (b) All other vehicles, including motorcycles, trailers,  
7 semitrailers, and pole trailers having a gross vehicle weight  
8 rating of 10,000 pounds or less, and antique motor vehicles as  
9 defined in section 249-1, except those in subsections (c) and

10 (d), shall be certified as provided in subsection (e) every  
11 twelve months; provided that any vehicle to which this  
12 subsection applies shall not require inspection within two years  
13 of the date on which the vehicle was first sold.

14 (c) Any vehicle that has been involved in an accident  
15 shall be certified as provided in subsection (e) before it is  
16 operated again if:

17 (1) It is determined by a police officer or an insurer  
18 that the vehicle's equipment has been damaged so as to  
19 render the vehicle unsafe; or

20 (2) It is rebuilt or restored.

21 (d) Every vehicle shall be certified prior to the issuance  
22 of a temporary or permanent registration by the director of



1 finance and prior to the transfer of any registration; provided  
2 that this requirement shall not apply to a subsequent transfer  
3 of registration in a vehicle that carries a current certificate  
4 of inspection.

5 (e) Upon application for a certificate of inspection to be  
6 issued for a vehicle, an inspection as prescribed by the  
7 director under subsection (g) shall be conducted on the vehicle,  
8 and if the vehicle is found to be in a safe operating condition,  
9 a certificate of inspection shall be issued upon payment of a  
10 fee to be determined by the director. [~~The certificate shall  
11 state the effective date, the termination date, the name of the  
12 issuing insurance carrier, and the policy number of the motor  
13 vehicle insurance identification card for the inspected motor  
14 vehicle as specified by section 431:10C-107 or state the  
15 information contained in the proof of insurance card as  
16 specified by section 431:10C-106.~~] A sticker, authorized by the  
17 director, shall be affixed to the vehicle at the time a  
18 certificate of inspection is issued. An inspection sticker  
19 which has been lost, stolen, or destroyed shall be replaced  
20 without reinspection by the inspection station that issued the  
21 original inspection sticker upon presentation of the vehicle's  
22 current certificate of inspection; provided that the current



1 certificate of inspection and inspection sticker shall not have  
2 expired at the time the replacement is requested. The director  
3 shall adopt rules to determine the fee for replacement of lost,  
4 stolen, or destroyed inspection stickers.

5 (f) The operator of an official inspection station shall  
6 pay, from the fee in subsection (e), an amount to be determined  
7 by rules adopted pursuant to chapter 91 to the director of  
8 transportation. This amount shall be expended only for  
9 administration and enforcement of the periodic motor vehicle  
10 inspection program. The funds collected pursuant to this  
11 subsection shall be deposited into the highway special fund.

12 (g) The director of transportation shall adopt necessary  
13 rules for the administration of inspections and the issuance of  
14 certificates of inspection.

15 (h) This section shall not apply to:

16 (1) Any motor vehicle which is covered by part XI,  
17 governing safety of motor carrier vehicle operation  
18 and equipment; provided that the rules adopted  
19 pursuant to part IA impose standards of inspection at  
20 least as strict as those imposed under subsection (g)  
21 and that certification is required at least as often  
22 as provided in subsections (a), (b), (c), and (d); and



1           (2) Aircraft servicing vehicles that are being used  
2                   exclusively on lands set aside to the department of  
3                   transportation for airport purposes.

4           ~~[(i) As part of the inspection required by this section,~~  
5           ~~the owner of the vehicle to be inspected shall produce and~~  
6           ~~display the motor vehicle insurance identification card for the~~  
7           ~~inspected motor vehicle required by section 431:10C 107 or the~~  
8           ~~proof of insurance card required by section 431:10C 106. If no~~  
9           ~~card is displayed, then the sticker authorized by the director~~  
10           ~~shall not be affixed to the vehicle and the certificate of~~  
11           ~~inspection shall not be issued.] "~~

12           SECTION 6. Section 286-108, Hawaii Revised Statutes, is  
13           amended by amending subsection (d) to read as follows:

14           "(d) As part of the examination required by this section,  
15           ~~[the applicant for a driver's license shall produce and display~~  
16           ~~a valid motor vehicle or liability insurance identification card~~  
17           ~~for the motor vehicle required by sections 431:10C 107 and~~  
18           ~~431:10C 106, when the applicant demonstrates the ability to~~  
19           ~~operate a motor vehicle to the satisfaction of the examiner of~~  
20           ~~drivers. If no valid motor vehicle or liability insurance~~  
21           ~~identification card is displayed, the examiner of drivers shall~~  
22           ~~not issue a driver's license to the applicant.] the examiner of~~



1 drivers shall confirm that the vehicle to be used by the  
 2 applicant to demonstrate the ability to operate a motor vehicle  
 3 is insured via the motor vehicle insurance verification program  
 4 established under section -A. If the motor vehicle  
 5 insurance verification program indicates that the vehicle is not  
 6 insured, the examiner of drivers shall not permit the applicant  
 7 to use the uninsured vehicle to demonstrate the ability to  
 8 operate a motor vehicle."

9 SECTION 7. Section 431:10C-107, Hawaii Revised Statutes,  
 10 is amended to read as follows:

11 **"§431:10C-107 Verification of insurance: motor vehicles.**

12 (a) Every insurer shall issue to its insureds a motor vehicle  
 13 insurance identification card for each motor vehicle for which  
 14 the basic motor vehicle insurance coverage is written. The  
 15 identification card shall contain the following:

- 16 (1) Name of make and factory or serial number of the motor  
 17 vehicle; provided that insurers of five or more motor  
 18 vehicles which are under common registered ownership  
 19 and used in the regular course of business shall not  
 20 be required to indicate the name of make and the  
 21 factory or serial number of each motor vehicle;

- 22 (2) Policy number;



1 (3) Names of the insured and the insurer; and

2 (4) Effective dates of coverage including the expiration  
3 date.

4 (b) The identification card shall be in the insured motor  
5 vehicle at all times and shall be exhibited to a law enforcement  
6 officer upon demand.

7 ~~[(c) The identification card shall be resistant to forgery~~  
8 ~~by whatever means appropriate. The commissioner shall approve~~  
9 ~~the construction, form, and design of the identification card to~~  
10 ~~ensure that the card is forgery resistant.~~

11 ~~-(d)]~~ (c) The commissioner shall issue a certificate of  
12 self-insurance periodically, as necessary, for use in each motor  
13 vehicle insured under section 431:10C-105.

14 ~~[(e)]~~ (d) The identification card issued by an insurer  
15 shall not be issued for a period exceeding the period for which  
16 premiums have been paid or earned; provided that this subsection  
17 shall apply only to the first application of a person for a  
18 motor vehicle insurance policy and shall not apply to  
19 applications for commercial vehicles and fleet vehicles."

20 SECTION 8. Section 805-13, Hawaii Revised Statutes, is  
21 amended by amending subsection (d) to read as follows:



1           "(d) Upon subsequent hearing ordered by the court or upon  
 2 the driver's or registered owner's motion, the court may, in its  
 3 discretion, terminate any judgment previously entered under  
 4 subsection (c) upon finding that the registered owner and the  
 5 driver, as applicable, have complied with chapter 287 with  
 6 respect to any prior accident as evidenced by a form properly  
 7 validated by a police department and:

- 8           (1) Complied with all requirements under chapter 431:10C  
 9 as evidenced by a motor vehicle insurance  
 10 identification card and the insurance policy issued by  
 11 a licensed insurer; or
- 12           (2) Complied with all requirements under chapter 431:10C  
 13 as evidenced by a certificate of self-insurance issued  
 14 by the insurance commissioner pursuant to section  
 15 ~~[431:10C-107(d)-]~~ 431:10C-107(c)."

**PART IV**

17           SECTION 9. In codifying the new section added by section 2  
 18 of this Act, the revisor of statutes shall substitute an  
 19 appropriate section number for the letter used in designating  
 20 the new section in this Act.

21           SECTION 10. Statutory material to be repealed is bracketed  
 22 and stricken. New statutory material is underscored.





1 SECTION 11. This Act shall take effect on July 1, 2013;  
2 provided that:

3 (1) Part III shall take effect on January 1, 2015; and

4 (2) This Act shall be repealed on June 30, 2020, and  
5 sections 249-31, 286-26, 286-108(d), 431:10C-107,  
6 431:10C-117(a), and 805-13(d), Hawaii Revised  
7 Statutes, shall be reenacted in the form in which they  
8 read on the day before the effective date of this Act.

9



**Report Title:**

Insurance Verification Working Group; Motor Vehicle Insurance;  
Uninsured Motorists; Department of Commerce and Consumer Affairs

**Description:**

Implements the recommendations of the insurance verification working group. Establishes a working group attached to the department of commerce and consumer affairs to assist in development of requests for proposals and vendor selection for a motor vehicle insurance verification program. Increases annual motor vehicle registration fee. Removes duplicative and unnecessary requirements for insurance identification cards and safety inspection requirements. Requires the allocated portion of motor vehicle registration fees to be deposited to the credit of the compliance resolution fund and the allocated portion of fines to be deposited into the general fund. Sunsets 06/30/2020. (SD1)

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