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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 purpose of this Act is to:

2 (1) Significantly reduce traffic on Hawaii's congested  
3 roadways;

4 (2) Remove irresponsible drivers from our roads and  
5 thereby increase safety for motorists and pedestrians  
6 while reducing medical and first-responder costs;

7 (3) Reduce insurance premiums to Hawaii drivers via the  
8 mechanism of the market and encouraging motorists to  
9 obtain motor vehicle insurance;

10 (4) Redress the injustice that the current no-fault  
11 insurance system inflicts upon responsible Hawaii  
12 drivers who buy insurance and end up paying for  
13 injuries or damages caused by uninsured drivers; and

14 (5) Create a system that is more economical and efficient  
15 than current administrative efforts while being less  
16 burdensome on law enforcement officers.

17 The legislature finds that the practical positive effects  
18 of establishing this no-fault insurance reporting system are



1 significant, considerable, and immediate. According to the  
2 insurance commissioner in a January 2, 2011, Hawaii Tribune  
3 Herald article, seventeen per cent of the drivers on Hawaii's  
4 roads are uninsured. Using the latest numbers available from  
5 the 2009 State Data Book, there are 718,253 registered cars on  
6 Honolulu's roads. Since seventeen per cent are uninsured, this  
7 amounts to 122,301 uninsured vehicles that should not be on the  
8 roads, which are adding to Oahu's traffic. This is more than  
9 three times as many as the forty thousand cars estimated to be  
10 removed by the Honolulu rail project by the year 2030, as stated  
11 in a June 14, 2010, news release by the mayor of Honolulu. If  
12 one half of those 122,301 uninsured cars are taken off the road  
13 as a result of establishing this no-fault insurance reporting  
14 system, this reporting system would achieve a far greater and  
15 immediate effect in reducing Oahu's rush hour traffic than could  
16 be achieved in nineteen years by the current rail transit  
17 proposal. The safety of the public is also a key consideration.

18 The legislature also finds that insurance industry  
19 observers that that many uninsured drivers also have issues  
20 relating to driving under the influence, speeding, and prior  
21 accidents.



1           Therefore, the legislature finds that the no-fault  
2 insurance reporting system inexpensive to establish and  
3 administer, it would also further expand Hawaii's insurance  
4 industry and thereby provide additional tax revenues for the  
5 State without raising taxes for insurers or taxpayers. If only  
6 fifty per cent of these 122,301 uninsured cars obtained insurance,  
7 this would constitute approximately 61,051 insurance prospects in  
8 Honolulu alone for Hawaii's auto insurance industry. Assuming an  
9 \$800 per vehicle annual premium cost, this constitutes a brand  
10 new market amounting to over \$48,000,000 with regard to Honolulu  
11 alone for Hawaii's insurers. Furthermore, state wide, the  
12 market is even larger at over \$76,000,000 (based on the state  
13 data book number of 1,117,790 total registered drivers state-  
14 wide, extracting the seventeen per cent uninsured motorist figure  
15 of 95,012 cars, and assuming just one-half of these uninsured  
16 motorist obtain insurance).

17           SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended  
18 by adding a new section to be appropriately designated and to  
19 read as follows:

20           "§46-       Motor vehicle insurance data system. (a) Each  
21 county shall establish and maintain a data system to identify  
22 motorists who are currently insured. The data system shall:



- 1        (1) Allow insurers to electronically transmit insurance  
2                    information to the counties;
- 3        (2) Be accessible to the police department, department of  
4                    motor vehicle licensing and registration agency, and  
5                    department of the prosecuting attorney of any county  
6                    to the extent necessary to allow each agency to  
7                    implement and enforce motor vehicle insurance and  
8                    related laws under the jurisdiction of the respective  
9                    agency;
- 10       (3) Protect the privacy interests of persons whose  
11                    information is included in the data system; and
- 12       (4) Include the following information:
  - 13                (A) Name, make, and model of the insured motor  
14                    vehicle;
  - 15                (B) Vehicle identification number as defined under  
16                    section 286-2;
  - 17                (C) Vehicle license plate number;
  - 18                (D) Name of the primary insured;
  - 19                (E) Name of the insurer;
  - 20                (F) Effective dates of coverage; and
  - 21                (G) Insurance policy number.



1        (b) Each county shall establish procedures for the  
2 transmission of insurance information by insurers required under  
3 section 431:10C- . The counties shall coordinate and  
4 standardize, under a single schedule, the monthly transmission  
5 of information required under subsection (a).

6        (c) Each county shall match its motor vehicle insurance  
7 data system with its vehicle registration data system and shall  
8 send to the owners of uninsured but registered vehicles a letter  
9 of notice requiring them to either obtain motor insurance or  
10 turn in to the county the license plates of the vehicle within  
11 thirty days.

12        (d) Each county shall issue a sticker for the insured  
13 motorist to display on the rear vehicle bumper similar to  
14 stickers issued for vehicle registration and safety checks.

15        (e) Police officers in each county shall be authorized to  
16 issue a citation for failure to display the insured motorist  
17 sticker.

18        (f) Police officers in each county shall also be  
19 authorized to remove the license plates of uninsured motorists  
20 with registered vehicles if the:

21        (1) Owners have received letters of notice requiring them  
22 to either obtain motor vehicle insurance or turn in



1           the license plates of their vehicles within thirty  
2           days; and

3           (2) Thirty days has lapsed without the vehicle owners  
4           having done as required.

5           (g) Upon receiving proof that an uninsured but registered  
6 vehicle is covered by insurance, the appropriate authority of  
7 each county shall:

8           (1) Note this fact in its motor vehicle insurance data  
9           system;

10          (2) Cause the issuance of an insured motorist sticker for  
11          the owner of this vehicle; and

12          (3) In the event of removed vehicle license plates by  
13          reason of lack of vehicle insurance, immediately  
14          return the removed vehicle license plates to the  
15          registered owner of the vehicle; provided that in the  
16          event these license plates cannot be immediately  
17          returned to the owner, a paper certificate readily  
18          readable when displayed in the rear window of the  
19          vehicle shall be issued and shall be so displayed  
20          until the license plates of the vehicle can be  
21          returned."



1 SECTION 3. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 10C to be  
3 appropriately designated and to read as follows:

4 "§431:10C- Motor vehicle insurance data system; county  
5 information requirements. (a) Every motor vehicle insurer  
6 shall provide each county with the information listed under  
7 section 46- (a) and shall notify each county of the  
8 cancellation of a motor vehicle insurance policy; provided that  
9 this information shall only be provided to a county for those  
10 motor vehicles registered by the county. The information shall  
11 be transmitted on a monthly basis according to a schedule set by  
12 the counties. Every insurer shall take all necessary  
13 precautions to protect the privacy interests of persons whose  
14 information is transmitted to each county.

15 (b) No motor vehicle insurer shall be subject to civil  
16 liability for errors or omissions in recording, maintaining, or  
17 reporting of information required under this section, except for  
18 damages that result from the motor vehicle insurer's gross  
19 negligence or wanton acts or omissions."

20 SECTION 4. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$ or so  
22 much thereof as may be necessary for fiscal year 2013-2014 and



1 the same sum or so much thereof as may be necessary for fiscal  
2 year 2014-2015 for the purpose of establishing and maintaining a  
3 data system to identify insured motorists, to be allocated as  
4 follows:

- 5           \$                           to the city and county of Honolulu;
- 6           \$                           to the county of Maui;
- 7           \$                           to the county of Hawaii; and
- 8           \$                           to the county of Kauai.

9           The sums appropriated shall be expended by the respective  
10 counties for the purposes of this Act, and shall constitute the  
11 State's share of the cost under article VIII, section 5 of the  
12 state constitution, of the new program mandated to the counties  
13 by this Act.

14           SECTION 5. New statutory material is underscored.

15           SECTION 6. This Act shall take effect on July 1, 2013.

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INTRODUCED BY:

Cynthia Thelen  
SA

[Signature]  
[Signature]

[Signature]  
JAN 17 2013





# H.B. NO. 157

**Report Title:**

No-fault Insurance Reporting System; Motor Vehicle Insurance; Appropriation

**Description:**

Requires the counties to establish a no-fault insurance database accessible by the police, departments of motor vehicles, and the prosecuting attorney. Requires insurance companies to transmit insurance information to the counties to be included in the database. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

