

STAND. COM. REP. NO.

2608

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2685
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2685, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to allow proof of
motor vehicle insurance to be displayed in authenticated
electronic format on a mobile electronic device.

Your Committee received testimony in support of this measure
from GEICO, Hawaii Insurers Council, State Farm Mutual Automobile
Insurance Company, USAA, National Association of Mutual Insurance
Companies, Property Casualty Insurers Association of America, and
one individual. Your Committee received testimony in opposition
to this measure from one individual. Your Committee received
comments on this measure from the Department of Commerce and
Consumer Affairs.

Your Committee finds that more states are recognizing the
widespread use of mobile technology and updating motor vehicle
insurance laws accordingly. According to testimony received by
your Committee, more than forty states now permit drivers to use
an electronic copy of their insurance card as valid proof of
insurance. The acceptance of this technology has grown rapidly
since March 2012, when Idaho became the first state in the country
to accept electronic motor vehicle insurance cards.



Your Committee further finds that customers increasingly use mobile electronic devices to keep track of and maintain important personal information. Accordingly, this measure authorizes owners and drivers of motor vehicles in Hawaii to display proof of motor vehicle insurance in authenticated electronic format on a mobile electronic device and offers the option of electronic cards to be used as proof of motor vehicle insurance in the same situations where paper cards are currently accepted.

Your Committee has heard the concerns that this measure requires the electronic proof of motor vehicle insurance to be "authenticated", but does not otherwise define this term. After discussions with the Insurance Division of the Department of Commerce and Consumer Affairs, your Committee concludes that, rather than determine how electronic proof of motor vehicle insurance could be authenticated, a more straightforward solution is to amend existing law relating to verification of motor vehicle insurance and permit insurers to issue paper or electronic insurance identification cards that can be used as proof of insurance. Your Committee notes that the relevant statutes relating to verification of insurance already specify what must be included in a motor vehicle insurance identification card. Amending these sections to include electronic insurance identification cards will ensure that all information that must be included in paper insurance identification cards, such as the name of the insured, policy number, and effective dates of coverage, must be included in electronic insurance identification cards as well.

Accordingly, your Committee has amended this measure by:

- (1) Specifying that every insurer shall issue to its insureds a paper or electronic motor vehicle insurance card for each insured motor vehicle and a paper or electronic proof of insurance card for each insured motorcycle or motor scooter;
- (2) Requiring the electronic motor vehicle insurance identification card or the electronic proof of insurance card for motorcycles and motor scooters to be accessed directly through the licensed insurer's website in current time on a mobile electronic device;
- (3) Clarifying that the proof of insurance card shall be in the insured motor vehicle or carried on the person



operating the insured motorcycle or motor scooter or accessible on a mobile electronic device at all times and shall be exhibited to a law enforcement officer upon demand;

- (4) Removing references to an authenticated motor vehicle or liability insurance identification card;
- (5) Removing unnecessary language in certain sections of chapter 286, Hawaii Revised Statutes, that would have required an authenticated electronic card for purposes of state inspections or driver's application examinations, as language in this amended measure permits electronic cards to be used as proof of motor vehicle insurance in the same situations where paper cards are currently accepted, including state inspections and driver's application examinations; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2685, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2685, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2685, SD1	TRC, CPH	2-26-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.				/
SLOM, Sam				/
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes