

# HB1705

Measure Title: RELATING TO MOTOR VEHICLE INSURANCE.

Report Title: Motor Vehicle Insurance; Electronic Proof of Insurance; Mobile Electronic Device

Description: Allows proof of motor vehicle insurance to be displayed in electronic format on a mobile electronic device.

Companion: [SB2685](#)

Package: None

Current Referral: CPH

Introducer(s): MCKELVEY, ICHIYAMA



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Tuesday, March 29, 2016  
9:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 1705 – RELATING TO MOTOR VEHICLE  
INSURANCE.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
("Department").

The Department supports the intent of allowing the use of motor vehicle  
insurance identification ("MVI") cards in electronic formats and submits the following  
comments.

Some of the benefits of the use of electronic MVI cards are their ease of use,  
immediate issuance, and portability. That being said, electronic MVI cards, if captured  
as a PDF image, may not reflect cancellations during the middle of policies' periods.  
Once issued, a driver may cancel the policy and keep the electronic MVI card to  
produce when required. In addition, with electronic MVI cards, there is no reference  
check available for government agencies to determine whether the proffered electronic  
cards are legitimate.

**House Bill No. 1705**  
**DCCA Testimony of Gordon Ito**  
**Page 2**

A possible solution in resolving these issues would be the establishment of an MVI electronic database which would show updated information of existing MVI coverages.

For clarity, the Department suggests amending only sections 431:10C-107(a) and (b), Hawaii Revised Statutes (“HRS”), in section 5 of the bill as follows:

“(a) Every insurer shall issue to its insureds a paper or electronic motor vehicle insurance identification card for each motor vehicle for which the basic motor vehicle insurance coverage is written. The electronic motor vehicle card may be accessed directly through the licensed insurer’s website, application, or database. If the electronic motor vehicle card is accessed through an insurer’s application, or database, the electronic motor vehicle card must have been updated by the policyholder within the last 45 days. The identification card shall contain the following:

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

(2) Policy number;

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

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

(b) The identification card shall be in the insured motor vehicle or accessible on a mobile electronic device as defined in section 291C-137 at all times and shall be exhibited to a law enforcement officer upon demand.”

For consistency with the proposed language above, section 431:10G-106, HRS, should be amended as follows:

“§431:10G-106 Verification of insurance. Every insurer shall issue to each of its insureds a paper or electronic proof of insurance card for each motorcycle or motor scooter for which a liability policy under this article is written. The electronic motor vehicle card may be accessed directly through the licensed insurer’s website, application, or database. If the electronic motor vehicle card is accessed through an insurer’s application, or database, the electronic motor vehicle card must have been

updated by the policyholder within the last 45 days. The proof of insurance card shall show the following:

(1) Name, make, year, and factory or serial number of the motorcycle or motor scooter; provided that insurers of five or more motorcycles or motor scooters that are under common registered ownership and used in the regular course of business shall not be required to indicate the name, make, year, and the factory or serial number of each motorcycle or motor scooter;

(2) Policy number;

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

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

The proof of insurance card shall be carried on, or accessible on a mobile electronic device, as defined in section 291C-137, by the person operating the insured motorcycle or motor scooter at all times and shall be exhibited to a law enforcement officer upon demand.”

We thank this Committee for the opportunity to present testimony on this matter.

## TESTIMONY OF ALISON UEOKA

---

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH  
Senator Rosalyn H. Baker, Chair  
Senator Michelle N. Kidani, Vice Chair

Tuesday, March 29, 2016  
9:00 a.m.

### **HB 1705**

Chair Baker, Vice Chair Kidani, and members of the Committee on Commerce, Consumer Protection, and Health, my name is Alison Ueoka, President of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill. This bill would allow an e-card to show proof of insurance. We believe this is something that will assist policyholders in ease of use and law enforcement as well.

This bill is a consumer friendly proposal that will provide another easier option to produce proof of insurance. Today, technology allows people to use smartphones to do many things that were not possible prior including shopping, banking, holding store cards that provide discounts, and more. Finally, the bill provides for both options at the consumer's choice, either electronic or paper.

Thank you for the opportunity to testify.

Hawaii State Legislature  
Senate Committee on Commerce, Consumer Protection and Health  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

March 29, 2016

*Filed via electronic testimony submission system*

**RE: HB 1705, Electronic Proof of Insurance - NAMIC's Written Testimony in Support**

Dear Senator Baker, Chair; Senator Kidani, Vice Chair; and honorable members of the Committee on Commerce, Consumer Protection, and Health:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 29, 2016, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The 1,300 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$208 billion in annual premiums, accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market. NAMIC has 69 members who write property/casualty and workers' compensation insurance in the State of Hawaii, which represents 30% of the insurance marketplace.

NAMIC fully supports HB 1705, because it will allow insurance consumers the opportunity to benefit from modern communications technology and display proof of state mandated auto insurance coverage via a mobile device. NAMIC believes that the proposed legislation is an insurance consumer-friendly bill that addresses the modern realities of the electronic communications age, where consumers maintain a host of important personal records on their mobile devices.

HB 1705 is consistent with e-commerce legislation that is sweeping across the country. In fact, the vast majority of states in the country have adopted legislation that allows insurance consumers to provide proof of insurance to a law enforcement officer via their mobile device, and NAMIC expects that the remaining few states yet to adopt such legislation will do so very soon.

NAMIC commends the legislative sponsors for drafting legislation that protects insurer and consumer choice, by allowing insurers and policyholders the option of continuing to use paper insurance cards as proof of insurance, if they desire not to issue or use electronic proof of insurance. NAMIC also appreciates the language in the bill that addresses the privacy protection needs of motorists and the damage liability protection needs of law enforcement officer, who will have to handle the mobile device.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC's written testimony.

Respectfully,

A handwritten signature in black ink, appearing to read "Christian John Rataj". The signature is fluid and cursive, with the first name "Christian" being the most prominent.

Christian John Rataj, Esq.  
NAMIC Senior Director – State Affairs, Western Region



Advocacy. Leadership. Results.

To: The Honorable Rosalyn Baker, Chair  
The Honorable Michelle Kidani, Vice Chair  
Senate Committee on Commerce, Consumer Protection and Health

From: Mark Sektnan, Vice President

Re: HB 1705 Relating to Motor Vehicle Insurance  
**PCI Position: SUPPORT**

Date: Tuesday, March 29, 2016  
9:00 AM; Conference Room 229

Aloha Chair Baker, Vice Chair Kidani and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is in strong support of HB 1705 as written, which allows proof of motor vehicle insurance to be displayed in electronic format on a mobile electronic device.

Previous testimony expressed concerns regarding illegitimate cards and cancellations within the middle of policy periods. Your Committee amended the companion measure, SB 2685, to address those concerns, however the amendment in the SD2 does not allow for access in areas without internet access. Therefore, we would like to offer the following revised amendment:

**“The electronic motor vehicle card may be accessed directly through the licensed insurer’s website, application, or database. If the electronic motor vehicle card is accessed through an insurer’s application, or database, the electronic motor vehicle card must have been accessed by the policyholder within the last 30 days.”**

Today, people are using their smartphones to do more and more things electronically. They shop, bank and pay bills from their phone. They even use them to board airplanes. Yet in Hawaii, motorists are still required to carry a physical insurance identification card with them. If a law enforcement officer asks for the card and a motorist can’t find it, or simply forgets to switch out an expired card with a new one, that motorist will be ticketed and will have to go to court even though that person has insurance.

Odds are, people always have their smartphones with them. Therefore, if HB 1705 is enacted, motorists will never again be without proof of insurance.

Under this bill, all stakeholders benefit. Insured motorists are spared the hassle of having to go to court just to prove they have insurance, courts have less ticket cases to hear, and insurance



companies benefit because they don't have to print and mail insurance cards to those motorists who prefer to display proof on their smartphones.

This legislation is permissive, meaning it does not require anyone to use a particular format. If a motorist prefers carrying a paper identification card, they can still get one. Nor does this bill require insurers to offer electronic cards.

Furthermore, under HB 1705 state officials viewing someone's smartphone are prohibited from viewing any other information on the phone. This means a motorist does not give up his or her privacy simply by showing someone they have insurance.

More than 40 states allow motorists to display evidence of insurance electronically. PCI strongly urges you to consider allowing Hawaii motorists the same privilege.

In Hawaii, PCI member companies write approximately 42.7 percent of all property casualty insurance written in Hawaii. PCI member companies write 44 percent of all personal automobile insurance, 65.2 percent of all commercial automobile insurance and 75 percent of the workers' compensation insurance in Hawaii.

Thank you for the opportunity to submit testimony in support.

**Testimony of  
Gary M. Slovin / Mihoko E. Ito  
on behalf of  
USAA**

DATE: March 28, 2016

TO: Senator Rosalyn Baker  
Chair, Committee on Commerce, Consumer Protection, and Health  
*Submitted Via [CPHtestimony@capitol.hawaii.gov](mailto:CPHtestimony@capitol.hawaii.gov)*

RE: **H.B. 1705 – Relating to Motor Vehicle Insurance**  
**Hearing Date: Tuesday, March 29, 2016 at 9:00 a.m.**  
**Conference Room: 229**

---

Dear Chair Baker and members of the Committee on Commerce, Consumer Protection, and Health:

We submit this testimony on behalf of USAA, a diversified financial services company. USAA is the leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families. USAA has over 82,000 members in Hawaii, the vast majority of which are military-based members.

USAA **supports** H.B. 1705, which allows proof of motor vehicle insurance to be displayed in electronic format on a mobile device. The bill would also allow for the continued use of paper cards, but offer the option of electronic cards to be used as proof of insurance in situations where paper cards are currently used.

USAA is very technology oriented as a company, and currently 60 percent of its insurance transactions are currently conducted via the internet. USAA has also been a leader in using technology to make its military members' lives easier. Because USAA's membership base is generally very mobile, it is important to USAA to be able use the benefits of technology to continually improve its customer service.

We support this measure because it will allow those who opt to use it to pull up insurance information on mobile devices, and use an electronic card as proof of insurance in lieu of a paper card. A majority of states across the country have already changed their laws

---

Gary M. Slovin  
Mihoko E. Ito  
C. Mike Kido  
Tiffany N. Yajima

999 Bishop Street, Suite 1400  
Honolulu, HI 96813  
(808) 539-0840

to allow for the use of electronic insurance cards, and this bill would allow Hawaii to do the same.

For the above reasons, we respectfully ask that the Committee pass this bill. Thank you very much for the opportunity to testify in support of his measure.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER

711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238

Direct: (808) 593-1875

■ FAX (808) 593-1876

■ Email: [tdayton@geico.com](mailto:tdayton@geico.com)

■ Cell: (808) 341-9252

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Senator Rosalyn H. Baker, Chair

Senator Michelle N. Kidani, Vice Chair

March 29, 2016, 9:00 a.m., Room 229

**HB 1705 Relating to Motor Vehicle Insurance**

Chair Baker, Vice Chair Kidani and Members of the Committee. My name is Tim Dayton and I am General Manager for GEICO, Hawaii's largest insurer of motor vehicles. **GEICO strongly supports this Bill.** GEICO insures approximately 234,000 Hawaii vehicles. Sending out hard copy ID cards for each new policy and each 6 month renewal is nearly a half million/year. But that is far from what the total is. GEICO is inundated with requests for replacement cards for things such as the customer needs a card ASAP for an expired safety check, dealer loaner car or access to a military base. Sometimes this is to replace a misplaced card and sometimes it is for a newly insured vehicle. Either way, it would be a great customer service to have the capability for each customer to access their own policy @ geico.com. The policyholder could log into their policy on line and pull up an electronic card to meet their needs rather than drive to our office or wait for the mail delivery. The fraud potential for GEICO ID cards will be close to zero. Another advantage is that the card would be real time current. Hawaii is one of a very small number of states that have ID card requirements that

do not allow for electronic cards. GEICO urges the Committee to move this proposal and we very much appreciate the opportunity to submit this testimony.

A handwritten signature in black ink, reading "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton, CPCU

**SENATE COMMITTEE  
ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

March 29, 2016

House Bill 1705 Relating to Motor Vehicle Insurance

Chair Baker, Vice Chair Kidani, and members of the Senate Committee on Commerce, Consumer Protection, and Health, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm).

State Farm offers the following comments about House Bill 1705 Relating to Motor Vehicle Insurance. State Farm supports this measure.

Since 2012, state legislators and regulators have rapidly updated laws to recognize the increasing prevalence of technology by allowing insurers to provide policyholders with electronic proof of insurance cards. In 2011, no states allowed for electronic proof of insurance. By the end of 2012, there were seven states, and as of the first quarter of 2015, 39 states allowed for electronic proof of insurance.

More and more of our customers use their mobile devices to keep track of and maintain important information, and State Farm believes that electronic proof of insurance cards provide a real service to our policyholders, who like the convenience of using them.

Thank you for the opportunity to present this testimony.