
A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

1 SECTION 1. Section 431:10C-301, Hawaii Revised Statutes,
2 is amended to read as follows:

3 "**§431:10C-301 Required motor vehicle policy coverage.** (a)

4 An insurance policy covering a motor vehicle shall provide:

5 (1) Coverage specified in section 431:10C-304; and

6 (2) Insurance to pay on behalf of the owner or any

7 operator of the insured motor vehicle using the motor

8 vehicle with a reasonable belief that the person is

9 entitled to operate the motor vehicle, sums [~~which~~]

10 that the owner or operator may legally be obligated to

11 pay for injury, death, or damage to property of

12 others, except property owned by, being transported

13 by, or in the charge of the insured, [~~which~~] that

14 arise out of the ownership, operation, maintenance, or

15 use of the motor vehicle; provided that in the case of

16 a U-drive motor vehicle, insurance to pay on behalf of

17 the renter or any operator of the insured motor



1 vehicle using the motor vehicle with the express
2 permission of the renter or lessee, sums [~~which~~] that
3 the renter or operator may be legally obligated to pay
4 for damage or destruction of property of others
5 (except property owned by, being transported by, or in
6 the charge of the renter or operator) arising out of
7 the operation or use of the motor vehicle having
8 coverage in an amount that is equal to or greater than
9 the amounts set forth in section 431:10C-301(c) unless
10 the motor vehicle is reported stolen by the owner
11 within three days of notification of the incident;
12 provided that the insurer and owner of a U-drive
13 vehicle shall have the right of subrogation against
14 the renter and operator for breach of the rental
15 contract between owner and renter; and provided
16 further that, in the event that any motor vehicle
17 offered for rental or lease is involved in an
18 accident, the lessor shall provide all information it
19 has or obtains relevant to the accident to all other
20 involved parties upon their request, including but not



1 limited to information about the lessee, and the
2 driver of the vehicle if other than the lessee.

3 (b) [A] Except as otherwise provided in this section,
4 motor vehicle insurance policy shall include:

5 (1) Liability coverage of not less than \$20,000 per
6 person, with an aggregate limit of \$40,000 per
7 accident, for all damages arising out of accidental
8 harm sustained as a result of any one accident and
9 arising out of ownership, maintenance, use, loading,
10 or unloading of a motor vehicle;

11 (2) Liability coverage of not less than \$10,000 for all
12 damages arising out of damage to or destruction of
13 property including motor vehicles and including the
14 loss of use thereof, but not including property owned
15 by, being transported by, or in the charge of the
16 insured, as a result of any one accident arising out
17 of the ownership, maintenance, use, loading, or
18 unloading, of the insured vehicle;

19 (3) With respect to any motor vehicle registered or
20 principally garaged in this State, liability coverage
21 provided therein or supplemental thereto, in limits



1 for bodily injury or death set forth in paragraph (1),
2 under provisions filed with and approved by the
3 commissioner, for the protection of persons insured
4 thereunder who are legally entitled to recover damages
5 from owners or operators of uninsured motor vehicles
6 because of bodily injury, sickness, or disease,
7 including death, resulting therefrom; provided that
8 the coverage required under this paragraph shall not
9 be applicable where any named insured in the policy
10 shall reject the coverage in writing; and

11 (4) Coverage for loss resulting from bodily injury or
12 death suffered by any person legally entitled to
13 recover damages from owners or operators of
14 underinsured motor vehicles. An insurer may offer the
15 underinsured motorist coverage required by this
16 paragraph in the same manner as uninsured motorist
17 coverage; provided that the offer of both shall:

18 (A) Be conspicuously displayed so as to be readily
19 noticeable by the insured;

20 (B) Set forth the premium for the coverage adjacent
21 to the offer in a manner that the premium is



1 clearly identifiable with the offer and may be
2 easily subtracted from the total premium to
3 determine the premium payment due in the event
4 the insured elects not to purchase the option;
5 and

6 (C) Provide for written rejection of the coverage by
7 requiring the insured to affix the insured's
8 signature in a location adjacent to or directly
9 below the offer.

10 (c) Each U-drive rental business shall ensure that during
11 each rental period, the U-drive rental motor vehicle is insured
12 under a motor vehicle insurance policy that includes:

13 (1) Primary insurance coverage for each U-drive rental
14 motor vehicle amounting to no less than four times the
15 amounts set forth in section 431:10C-301(b) for death,
16 bodily injury, and property damage per accident, and
17 costs of defense outside the limits;

18 (2) Primary insurance coverage for each U-drive rental
19 motor vehicle for personal injury protection coverage
20 that meets the minimum coverage amounts required by
21 section 431:10C-103.5; and



- 1 (3) The following optional coverages, that any named
2 insured, renter, or operator may elect to reject or
3 purchase and that provide primary coverage for each
4 U-drive motor vehicle obtained and used from a U-drive
5 rental business:
- 6 (A) Uninsured and underinsured motorist coverages as
7 provided for in section 431:10C-301, which shall
8 be equal to the primary liability limits
9 specified in this subsection; provided that
10 uninsured and underinsured motorist coverage
11 offers shall provide for written rejection of the
12 coverages as provided in section 431:10C-301;
- 13 (B) Uninsured and underinsured motorist coverage
14 stacking options as provided in section
15 431:10C-301; provided that the offer of the
16 stacking options shall provide for written
17 rejection as provided in section 431:10C-301; and
- 18 (C) An offer of required optional additional
19 insurance coverages as provided in section
20 431:10C-302;



1 (d) If the only named insured under the motor vehicle
2 insurance policy issued pursuant to section 431:10C-301(c) is
3 the U-drive rental business, the insurer or the U-drive rental
4 business shall:

5 (1) Disclose the coverages in writing to the customer;

6 (2) Disclose to the customer in writing that all optional
7 coverages available may not have been purchased under
8 sections 431:10C-301 and 431:10C-302; and

9 (3) Obtain a written acknowledgment from the customer of
10 receipt of the written disclosures required in
11 paragraphs (1) and (2).

12 Within fifteen days after providing the disclosure to the
13 customer, the standard disclosure forms used in paragraphs (1)
14 and (2), and any modifications of these forms intended to be
15 used, shall be filed with the commissioner. Within fifteen days
16 after the filing a modified disclosure, the insurer or U-drive
17 rental business shall send to the customer each modified
18 disclosure form and obtain written acknowledgment from the
19 customer. The disclosures and acknowledgment may be sent and
20 received by electronic means.



1 ~~[(e)]~~ (e) The stacking or aggregating of uninsured
2 motorist coverage or underinsured motorist coverage is
3 prohibited, except as provided in subsection ~~[(d)].~~ (f).

4 ~~[(d)]~~ (f) An insurer shall offer the insured the
5 opportunity to purchase uninsured motorist coverage and
6 underinsured motorist coverage by offering the following options
7 with each motor vehicle insurance policy:

8 (1) The option to stack uninsured motorist coverage and
9 underinsured motorist coverage; and

10 (2) The option to select uninsured motorist coverage and
11 underinsured motorist coverage, whichever is
12 applicable, up to but not greater than the bodily
13 injury liability coverage limits in the insured's
14 policy.

15 These offers are to be made when a motor vehicle insurance
16 policy is first applied for or issued. For any existing
17 policies, an insurer shall offer ~~[such]~~ the coverage at the
18 first renewal after January 1, 1993. Once an insured has been
19 provided the opportunity to purchase or reject the coverages in
20 writing under the options, no further offer is required to be



1 included with any renewal or replacement policy issued to the
2 insured.

3 ~~[(e)]~~ (g) If uninsured motorist coverage or underinsured
4 motorist coverage is rejected, pursuant to section
5 431:10C-301(b):

6 (1) The offers required by section [~~431:10C-301(d)~~]
7 431:10C-301(f) are not required to be made;

8 (2) No further offers or notice of the availability of
9 uninsured motorist coverage and underinsured motorist
10 coverage are required to be made in connection with
11 any renewal or replacement policy; and

12 (3) The written rejections required by section
13 431:10C-301(b) shall be presumptive evidence of the
14 insured's decision to reject the options.

15 (h) The requirements of this part shall apply in the same
16 manner to any U-Drive rental business that self-insures pursuant
17 to section 431:10C-105."

18 SECTION 2. Section 431:10C-103, Hawaii Revised Statutes,
19 is amended as follows:

20 1. By adding a new definition to be appropriately
21 inserted and to read:



1 "U-drive motor vehicle insurance policy" means a motor
2 vehicle insurance policy that meets the requirements set forth
3 in section 431:10C-301(c)."

4 2. By amending the definitions of "insured" and "insured
5 motor vehicle" to read:

6 "'Insured" means:

7 (1) The person identified by name as insured in a motor
8 vehicle insurance policy complying with section
9 431:10C-301; ~~[and]~~

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

12 (A) A spouse or reciprocal beneficiary or other
13 relative of a named insured; and

14 (B) A minor in the custody of a named insured or of a
15 relative residing in the same household with a
16 named insured~~[,]~~; and

17 (3) A customer who rents a U-drive motor vehicle from a
18 U-drive motor vehicle business.

19 ~~[A person resides]~~ As used in this definition, "person residing
20 in the same household [if the]" means a person who usually makes
21 the person's home in the same family unit~~[, which may include]~~



1 and includes reciprocal beneficiaries, [~~even though~~] regardless
2 of whether the person temporarily lives elsewhere.

3 "Insured motor vehicle" means a motor vehicle:

4 (1) [~~Which~~] That is insured under a motor vehicle

5 insurance policy; [~~or~~]

6 (2) The owner of which is a self-insurer with respect to

7 [~~such~~] the vehicle[~~;~~]; or

8 (3) A U-drive motor vehicle."

9 SECTION 3. Section 431:10C-303.5, Hawaii Revised Statutes,
10 is amended to read as follows:

11 "**§431:10C-303.5 U-drive insurance policy; primary.** [~~(a)~~]

12 A U-drive motor vehicle insurance policy, as provided for in

13 section 431:10C-301, shall be primary; provided that [~~its~~] the

14 bodily injury and property damage liability coverages provided

15 for in the operator's or renter's motor vehicle insurance

16 policies shall be secondary to the [~~operator's or renter's~~]

17 U-drive motor vehicle insurance policy [~~if~~]

18 (1) ~~The U-drive rental business provides any claimant or~~

19 ~~person sustaining accidental harm or damages, as a~~

20 ~~result of the operation of the rental vehicle, the~~

21 ~~identity and address of the operator or renter, along~~



1 ~~with any information available to the U-drive rental~~
2 ~~business as to the identity and address of any insurer~~
3 ~~under any liability policies applicable to the~~
4 ~~operator or renter; provided that the U-drive rental~~
5 ~~business shall make reasonable efforts to obtain such~~
6 ~~information;~~

7 ~~(2) A suit may be filed and service upon the responsible~~
8 ~~operator or renter can be effectuated; and~~

9 ~~(3) An insurer responds on behalf of the operator or~~
10 ~~renter to a claim or suit.~~

11 ~~(b) In cases where the U-drive motor vehicle insurance~~
12 ~~policy is primary because of:~~

13 ~~(1) A failure of a renter or operator to cooperate with~~
14 ~~the U-drive rental business in providing the~~
15 ~~information described in subsection (a) (1);~~

16 ~~(2) The failure to file suit and effectuate service as~~
17 ~~described in subsection (a) (2); or~~

18 ~~(3) The failure of an insurer to respond as described in~~
19 ~~subsection (a) (3) or defend a claim or pay required~~
20 ~~benefits or a judgment;~~



H.B. NO. 1991

Report Title:

U-drive Motor Vehicles; Insurance

Description:

Clarifies U-drive motor vehicle insurance policy requirements.

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

