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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 legislature finds that although it is  
2 illegal to drive an uninsured motor vehicle on any public  
3 street, road, or highway in the State, nearly eleven per cent of  
4 Hawai'i motorists are uninsured. This failure to carry motor  
5 vehicle insurance causes negative outcomes for both insured and  
6 uninsured drivers. Insured drivers face higher costs because  
7 their premiums must account for the risk of an accident with an  
8 uninsured driver, while uninsured drivers are exposed to severe  
9 financial risks stemming from potential liability for accidents,  
10 as well as the prospect of fines and vehicle impoundment for  
11 simply driving without insurance.

12           The legislature further finds that at least seventeen  
13 states have adopted electronic insurance verification systems  
14 that enable officials to better monitor the insurance status of  
15 motorists in the state, to promptly notify drivers whose  
16 coverage has lapsed of their obligation to carry insurance, and  
17 to provide information on uninsured motorists to law



1 enforcement. For example, when Arkansas deployed such a system  
2 in 2020, it witnessed a nearly fifty per cent decline in  
3 uninsured motorists over the next three years.

4 Accordingly, the purpose of this Act is to require:

5 (1) Insurers to notify the insurance commissioner whenever  
6 the insurer issues, terminates, or does not renew a  
7 motor vehicle insurance policy; and

8 (2) The insurance commissioner to use the motor vehicle  
9 insurance policy information provided by insurers to  
10 create an electronic database to provide for instant  
11 insurance verification.

12 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
13 amended by adding two new sections to article 10C to be  
14 appropriately designated and to read as follows:

15 **"§431:10C-A Report of cancellation, termination, or**  
16 **issuance of motor vehicle insurance.** (a) Every insurer that  
17 issues motor vehicle insurance under this article shall  
18 electronically report to the insurance commissioner all existing  
19 motor vehicle insurance policies issued for vehicles registered  
20 in the State or to policyholders with a Hawaii address,  
21 including:



- 1        (1) The name and mailing address of the insured;
- 2        (2) The policy number;
- 3        (3) The effective date of coverage, or the date of a  
4                coverage lapse due to cancellation, termination, or  
5                nonrenewal of a policy;
- 6        (4) The vehicle identification number of each vehicle  
7                covered by the policy; and
- 8        (5) Any other information required by the commissioner.

9        The insurer shall notify the insurance commissioner of the  
10       issuance of a motor vehicle insurance policy within fifteen days  
11       of the effective date of the coverage and of the cancellation,  
12       termination, or nonrenewal of any policy previously reported  
13       within fifteen days of the cancellation, termination, or  
14       nonrenewal of the policy.

15       (b) The commissioner shall receive or accept all notices  
16       of policy cancellation, termination, or nonrenewal, and issuance  
17       from insurers as required pursuant to subsection (a). Upon  
18       receipt of a notice of the cancellation, termination, or  
19       nonrenewal of a policy, the commissioner shall review and  
20       analyze the information submitted in conjunction with other  
21       information that the commissioner may obtain from insurers,



1 vehicle registration records, and any other agency for the  
2 purpose of determining whether any registered vehicle owner has  
3 failed to continuously maintain insurance coverage in violation  
4 of this article.

5 (c) If the commissioner determines that a registered  
6 vehicle owner has failed to continuously maintain insurance  
7 coverage, the commissioner shall contact the registered vehicle  
8 owner by mail or electronic mail and require that the inquiries  
9 be answered in not less than twenty days, in a satisfactory  
10 manner containing information and verification of insurance  
11 coverage as the commissioner deems necessary.

12 (d) In the event that a certificate of self-insurance  
13 issued pursuant to section 431:10C-604 is revoked or not  
14 renewed, the commissioner shall contact the formerly  
15 self-insured register vehicle owner subject to the same  
16 requirements of subsection (c).

17 (e) Within twenty days of receipt of an insurer's report  
18 of cancellation, termination, or nonrenewal, or of receipt of  
19 the response from a registered vehicle owner, whichever is  
20 later, the commissioner shall give notice by mail or electronic  
21 mail to any formerly insured registered vehicle owner informing



1 the owner that a report of cancellation, termination, or  
2 nonrenewal has been filed with the State, that there is no  
3 record that a subsequent policy has been obtained, and of the  
4 penalties for driving a motor vehicle in the State without  
5 insurance; provided that the notice shall not be required if the  
6 commissioner has determined that the registered vehicle owner is  
7 not in violation of section 431:10C-104.

8 (f) Whenever the commissioner issues a notice pursuant to  
9 subsection (e), the commissioner shall also give notice to the  
10 department of law enforcement and to the county where the motor  
11 vehicle was last registered. The notice shall include all the  
12 same information required by subsection (a). The commissioner  
13 shall authorize the county to take appropriate action upon  
14 receipt of the notice, including but not limited to releasing  
15 the information to law enforcement.

16 **§431:10C-B Electronic insurance verification system. (a)**  
17 The insurance commissioner shall establish and maintain an  
18 electronic insurance verification system by which law  
19 enforcement officers and court personnel may electronically  
20 verify that an insurance policy for a motor vehicle has been  
21 issued.



1        (b) The electronic insurance verification system shall be  
2 accessible to authorized personnel of the insurance division by  
3 direct inquiry, and to the courts, insurers, law enforcement,  
4 and offices of the licensing officials charged with motor  
5 vehicle registration and titling responsibilities through  
6 authorized personnel of those departments. The system shall  
7 also be accessible to insurance companies on a limited basis as  
8 required to operate the system.

9        (c) The electronic insurance verification system shall  
10 serve as a repository for the information provided to the  
11 commissioner under section 431:10C-A, and shall be accessible to  
12 authorized users twenty-four hours per day, seven days per week,  
13 except as necessary to perform system maintenance."

14        SECTION 3. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$100,000 or so much  
16 thereof as may be necessary for fiscal year 2025-2026 and the  
17 same sum or so much thereof as may be necessary for fiscal year  
18 2026-2027 to establish and maintain the electronic insurance  
19 verification system under section 431:10C-B, Hawaii Revised  
20 Statutes.



# S.B. NO. 726

1           The sums appropriated shall be expended by the department  
2 of commerce and consumer affairs for the purposes of this Act.

3           SECTION 4. In codifying the new sections added by  
4 section 2 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7           SECTION 5. New statutory material is underscored.

8           SECTION 6. This Act shall take effect on July 1, 2025.

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INTRODUCED BY: \_\_\_\_\_

*Karl Rhoads*



# S.B. NO. 726

**Report Title:**

Department of Commerce and Consumer Affairs; Motor Vehicle Insurance; Electronic Insurance Verification System; Insurance Commissioner; Appropriations

**Description:**

Requires insurers to notify the Insurance Commissioner of all existing motor vehicle insurance policies and whenever the insurer issues, cancels, terminates, or does not renew a motor vehicle insurance policy. Requires the Insurance Commissioner to use the insurance policy information to create an electronic database to provide law enforcement and the courts with instant insurance verification. Appropriates funds.

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