INSURANCE VERIFICATION WORKING GROUP
MINUTES OF AUGUST 30, 2012 MEETING
KING KALAKAUA BUILDING, QUEEN LILIUOKALANI ROOM

Present: Lance Ching, Legislative Reference Bureau (LRB); Devin Choy, LRB; Kelli-Rose Hooser, Office of Senator Rosalyn Baker; Wade Isobe, City & County of Honolulu, Department of Information Technology; Gordon Ito, Insurance Commissioner; Dennis Kamimura, City & County of Honolulu, Motor Vehicle Licensing Division Administrator; Maj. Kurt Kendro, Honolulu Police Department-Traffic Division; Sean Nakama, LRB; Michael Onofrietti, Hawaii Insurers Council; Alison Powers, Hawaii Insurers Council; Debbie Stelmach, City & County of Honolulu, Department of Information Technology; Elmira Tsang, Department of the Attorney General.

Conference Call Participants: George Cooper, State Farm Insurance Cos.; Mark Sektnan, Property and Casualty Insurers Association of America.

1.   Call to order; public notice; quorum

Dennis Kamimura called the meeting to order at 10 a.m., at which time quorum was established. Public notice for this meeting was timely filed with the Lieutenant Governor's office on August 22, 2012.

2.   Approval of minutes of 8/7/2012 meeting

The minutes of the August 7, 2012 meeting were previously circulated to members for their review. Ms. Stelmach moved, seconded by Ms. Tsang, to approve the minutes. The motion passed unanimously.

3.   Insurance verification systems: presentation by representative of MV Verisol

Charles Pecchio of MV Verisol provided information about its insurance verification system, which was based on the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) online approach. Requests for insurance verification by law enforcement, motor vehicle administrators, and other authorized users are sent to insurer web services for an instant response; coverage is either confirmed or unconfirmed. The request may include license plate or VIN, policy number, or date of coverage.

Since the verification system is integrated with existing systems, it does not require keying of additional information. Software routes each request to the insurance company web services based on the pointer file. If there is no coverage during the grace period, there is a follow-up letter campaign. The complete response time for law enforcement averages over one second.

This system has been implemented and tested in 14 states. The platform used by Wyoming is a mainframe, circa 1971.

(See Comprehensive Real-Time Motor Vehicle Insurance Verification and Mississippi Senate Bill No. 2631, Regular Session 2012, attached as Exhibits A-1 and A-2, respectively.)

4.   Nevada LIVE insurance program: presentation by representatives of Nevada Department of Motor Vehicles

Bernadette Nieto and Frank Maiden of the Nevada Department of Motor Vehicles (DMV) provided information about Nevada Liability Insurance Validation Electronically (LIVE), which went live on March 15, 2010. It is a "home grown" system which followed IICMVA guidelines. This system allows registered owners to actively participate in updating their insurance record and to see their record online.

Nevada DMV learned early that each insurer does business a little differently. It became important to find methods which were accommodating to as many companies as possible. This included: web services (electronic pinging) – Group A; Secure File Transfer Protocol (SFTP) – Group B; Excel spreadsheets (for insurers with under 500 policies) – Group C. These options allowed insurers to make a gradual transition to electronic reporting. All insurers in the state eventually converted to web services. SFTP is still used for a book of business or for large scale data corrections.

Registered owners, insurance agents, or underwriters enter the insurance information online on the DMV website; this data is uploaded to the DMV Application instantly. Nevada is now joining other web services-based states in requiring a monthly file, which is the insurer's book of business containing all policies and follows the IICMVA's 300 format.

When DMV needs to verify insurance coverage, an electronic query or "ping" is sent to that URL. The request sends the following data elements: VIN, registered owner(s), vehicle info, dates being verified, NAIC number, policy number, driver license number (optional), and FEIN number (optional). The insurer responds with either confirmed or unconfirmed (with a reason code explaining why the insurance policy was unconfirmed). DMV uses the response to determine whether the insurance coverage is continuous or if there is a lapse. If the record comes back confirmed, DMV stores the information. At least every 60 days, the policy is pinged to verify continuous coverage. If the record comes back unconfirmed, DMV's system needs to determine whether the insurance record is new or existing. A new insurance record will be pinged every 7 days until the 28th day or a confirmed response is received. On the 28th day, the unconfirmed record will produce a verification postcard to the registered owner asking the owner to provide insurance information again. An existing insurance record will be pinged to locate the first day of the potential lapse. The record will produce a verification postcard asking the registered owner to provide insurance information for the incident date(s).   Using the information provided, DMV can then initiate a new ping to the insurer in an attempt to verify coverage.

Nevada law requires that vehicles registered in the state maintain continuous liability insurance overage. If the Nevada LIVE process detects no insurance or a lapse in coverage, the registered owner is sent a postcard requesting the owner to verify insurance information. A vendor is used to mail the postcards.

The registered owner has 15 days to submit a response to DMVA, either by completing the postcard or responding online. If the registered owner admits no insurance, fails to respond to the postcard, or the insurer denies coverage exists, a certified letter is sent. If insurance records still cannot be confirmed by the suspension date stated on the certified notice, the vehicle registration is suspended. An estimated 75% of incidents for no insurance are resolved after the registered owner receives the postcard or notice of suspension. At anytime, insurance records can be confirmed and the suspension can be rescinded or prevented.

In 2011, the Nevada Legislature passed a bill instituting a system of tiered penalties for those who have had a lapse of insurance coverage, as a means of reducing the uninsured motorists rate in Nevada. Penalties are based on the length of the lapse and the number of previous lapses within the past 5 years.

For Nevada LIVE, there are about 21 DMV employees on the floor, with 2 IT technicians and support from DMV Management Services and Administration.

Mr. Cooper stated this program was very well built and will pick up one day lapses. There is a "12:01 issue" for policyholders who allow their policy to expire on 12:01 a.m. the next day, but Mr. Cooper noted this is not a DMV issue but one for the insurance industry.

With respect to commercial vehicles, Nevada DMV occasionally gets calls regarding fleet vehicles, as there is a problem with name matching.

(See Nevada LIVE presentation attached as Exhibit B-1).

5.   **Insurance verification systems: presentation by representative of Insure-Rite**

Bart Blackstock of Insure-Rite provided information about its insurance verification systems. Insure-Rite created the nation's first system to proactively identify uninsured motorists, as well as the nation's first real-time 24/7/365 provision of insurance verification services to law enforcement. Insure-Rite has implemented 3 vastly different systems in Utah, Texas, and West Virginia. It has 14 years of experience operating the first full book reporting insurance verification system in the nation.

To create an effective law, it must contain 4 elements: (1) the law must make clear the behavior that is required to comply with the law; (2) it must be enforceable; (3) the public must belief they will be caught if they break the law; and (4) the consequences must be sufficient to provide an effective deterrent (for example, a violation of an insurance law must be at least as expensive as purchasing insurance).

For the Utah program, the full book of business is downloaded twice a month from all insurers licensed to and doing business in Utah, the Motor Vehicle Division (DMV), and the Driver License Division (DLD). These records are matched using a series of cascading algorithms. These algorithms account for the differences between insurer data and DMV and DLD data. Insure-Rite consistently matches over 97% of vehicles to a policy in Utah and over 99.5% in Texas. Next July, Insure-Rite will add the web-serves IICMVA model to the system for instant verification and to find canceled policies.

After matching, an insured motorist database is created. By default, an uninsured database is also created. An accurate uninsured vehicle rate is derived, once it is known how many vehicles are insured and how many are not insured. In Utah, the UM rate started at about 24%; the current rate is consistently under 5%, using the same methodology.

Once a vehicle has been identified as potentially uninsured for 90 consecutive days, the letter phase begins. The first letter gives the owner a chance to correct the problem or exempt the vehicle (i.e., insured, sold, out of service, seasonal, etc.). If there is no response after 15 days, a second letter is sent giving the same options. If there is no response, DMV is notified and the registration is revoked.

In Utah, an additional $1 fee is paid at the time of vehicle registration. The fee is deposited in a restricted account which pays for the program. In Hawaii, as in Utah, the $1 fee would more than pay for the verification system.

Other funding options include: having insurers pay $1 or other amount per year for each policy written; or taking a portion of the reinstatement fee paid when revoked registrations are reinstated.

With respect to verification of commercial/fleet vehicles, Texas has an exemption while Utah does not have an exemption. Mr. Cooper noted that fleet vehicles are usually insured and likely not part of the uninsured motorists problem.

(See On-Line IVS Powered by Insure-Rite and HDI Solutions Insurance Verification Model, The ONLINE/IVS Team, Best Practices for Insurance Verification, Model Legislation Summary, and Model Legislation – Auto Insurance Verification Act, attached as Exhibits C-1, C-2, C-3, C-4, and C-5, respectively.)

6.   Information from Judiciary on fees and administrative fines

This matter was deferred.

7.   Submission of testimony by interested parties and members of the public

Interested parties and members of the public may submit testimony to the Working Group by: mail to 335 Merchant St #213, Honolulu, HI 96813; fax to 808-586-2806; or email to ins@dcca.hawaii.gov.

8.   Discussion topics and presentations for future meetings

Members believed that it was important to begin discussion of the report to the Legislature, given the timetable.

9.   Next meeting

The next Working Group meeting is scheduled for Thursday, September 13, 2012, at 10 a.m., in the Queen Kapiolani Room, 2d Floor, King Kalakaua Building, 335 Merchant Street.

10.   Adjournment

The meeting was adjourned at 11:26 a.m.

Comprehensive Real-Time
Motor Vehicle Insurance Verification

INFO@MvVeriSol.com
888-837-4765

IICMVA Online Approach

- Model created by Insurance Industry Committee on Motor Vehicle Administration (IICMVA)
- Requests for verification by law enforcement, motor vehicle administrators, and other authorized users are sent to insurer Web services
  - Instant response – Confirmed or Unconfirmed
  - No personal information is required
  - Most accurate and up-to-date method - same as calling insurer
- Standard approach supported by the insurance industry
  - Minimizes implementation expense for insurers and states
- Implemented/tested in 14 states
- Legislated in 5 states with more soon…

How it Works

- An event occurs
  - Traffic Stop
  - Registration
  - Renewal
  - Inspection
  - Accident
  - Court Appearance
- A verification request is made through Motor Vehicle Administration, Law Enforcement, or Court systems
  - Verification system is integrated with existing systems
    - Does not require keying of additional information
  - Web browser also available for queries by authorized users

How it Works

- Software routes each request to the insurance company Web services based on the Pointer File and responds immediately with "Confirmed" or "Unconfirmed"
- Ability to "broadcast" requests to insurers
- Response is the same as picking up the phone and calling the insurance company
- Ongoing Verification
    - Book of Business per IICMVA specs for data matching, pointer file, and identifying cancellations

Request

License Plate   <u>help</u>

02-P-05392

VIN (Vehicle Identification Number)

Insurance Company (NAIC Code)

ALL INSURERS

Policy Number

Policy State

Wyoming

Date of Coverage (default is today)

Month   Day   Year

ENTER   RESET   CLEAR

Request

License Plate   help

02-P-05392

VIN (Vehicle Identification Number)

Insurance Company (NAIC Code)

ALL INSURERS

Policy Number

Policy State

Wyoming

Date of Coverage (default is today)

Month   Day   Year

ENTER   RESET   CLEAR

Response

VIV Response Code
CONFIRMED
Confirming Insurer Name
USAA
Confirming Insurer NAIC Code
18600
Insurer Response Code
Confirmed
Registration VIN
1G1ND52J63M727193
Insurance VIN
1G1ND52J63W727193
Tracking Number
WY1-240-3918
Vehicle Info
2003 CHEVR 4DR CLARK*ELVIN DARYL II

6

**Comprehensive Real-Time
Motor Vehicle Insurance Verification**

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SENATE BILL NO. 2631
(As Sent to Governor)

1   AN ACT TO CREATE THE PUBLIC SAFETY VERIFICATION AND
2   ENFORCEMENT ACT; TO REQUIRE THE DEPARTMENT OF PUBLIC SAFETY, IN
3   COOPERATION WITH THE COMMISSIONER OF INSURANCE AND THE DEPARTMENT
4   OF REVENUE, TO CREATE AN ACCESSIBLE COMMON CARRIER-BASED MOTOR
5   VEHICLE INSURANCE VERIFICATION SYSTEM; TO PROVIDE FOR LAW
6   ENFORCEMENT USE OF THE SYSTEM; TO ALLOW INSURERS TO PROVIDE
7   CERTAIN INFORMATION TO BE USED IN THE SYSTEM; TO REQUIRE THE
8   DEPARTMENT OF PUBLIC SAFETY AND THE DEPARTMENT OF REVENUE TO
9   ADMINISTER AND ENFORCE THE PROVISIONS OF THIS ACT AND REQUIRE THE
10   DEPARTMENTS TO MAKE RULES NECESSARY FOR THE ADMINISTRATION OF THE
11   MOTOR VEHICLE INSURANCE VERIFICATION SYSTEM CREATED UNDER THIS
12   ACT; TO REQUIRE COMPLIANCE WITH THE MOTOR VEHICLE
13   SAFETY-RESPONSIBILITY LAW BEFORE RECEIVING A MOTOR VEHICLE
14   REGISTRATION; TO REQUIRE THE OWNER OF THE MOTOR VEHICLE TO
15   MAINTAIN CONTINUOUS COVERAGE THROUGHOUT THE LICENSE PERIOD; TO
16   REQUIRE THE COMMISSIONER OF PUBLIC SAFETY, THE COMMISSIONER OF
17   REVENUE OR A COURT OF PROPER JURISDICTION TO SUSPEND THE DRIVING
18   PRIVILEGES AND/OR REGISTRATION IF A MOTOR VEHICLE OWNER FAILS TO
19   HAVE THE REQUIRED MOTOR VEHICLE LIABILITY INSURANCE; TO REQUIRE
20   THE COMMISSIONER OF PUBLIC SAFETY, THE COMMISSIONER OF REVENUE OR
21   A COURT OF PROPER JURISDICTION TO IMPOSE CIVIL PENALTIES BECAUSE
22   OF SUCH FAILURE; TO PROVIDE THE REQUIREMENTS FOR REINSTATEMENT OF
23   A SUSPENDED LICENSE OR REGISTRATION; TO PROVIDE THAT MONIES FROM
24   THE CIVIL PENALTIES SHALL BE DEPOSITED INTO A SPECIAL FUND IN THE
25   STATE TREASURY TO BE KNOWN AS THE UNINSURED MOTORIST
26   IDENTIFICATION FUND; TO PROVIDE THAT CERTAIN MONIES FROM THE CIVIL
27   PENALTIES SHALL BE DEPOSITED INTO A MUNICIPALITY OR COUNTY'S
28   GENERAL FUND; TO PROVIDE THAT MONIES DEPOSITED IN THE SPECIAL FUND
29   MAY BE USED BY THE DEPARTMENT OF PUBLIC SAFETY AND DEPARTMENT OF
30   REVENUE, UPON APPROPRIATION BY THE LEGISLATURE, FOR THE PURPOSE OF
31   DEFRAYING EXPENSES AND COSTS FOR THE MOTOR VEHICLE INSURANCE
32   VERIFICATION SYSTEM; TO PROVIDE THAT MONIES IN THE SPECIAL FUND IN
33   EXCESS OF THE AMOUNT NEEDED TO DEFRAY THE EXPENSES AND COSTS OF
34   THE VERIFICATION SYSTEM REMAINING IN THE FUND AT THE END OF A
35   FISCAL YEAR SHALL BE TRANSFERRED TO THE MOTOR VEHICLE AD VALOREM
36   TAX REDUCTION FUND AND THE MISSISSIPPI TRAUMA CARE SYSTEMS FUND;
37   TO AMEND SECTION 63-15-4, MISSISSIPPI CODE OF 1972, IN CONFORMITY
38   THERETO; AND FOR RELATED PURPOSES.

39   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

40   **SECTION 1.** Sections 1 through 7 of this act shall be known

41   as the "Public Safety Verification and Enforcement Act."

EXHIBIT A-2

42   **SECTION 2.** (1) The Department of Public Safety, hereinafter

43 referred to in this section as "department," in cooperation with

44 the Commissioner of Insurance and the Department of Revenue, shall

45 establish an accessible common carrier-based motor vehicle

46 insurance verification system to verify the compliance of a motor

47 vehicle owner or operator with motor vehicle liability policy

48 requirements under the Mississippi Motor Vehicle

49 Safety-Responsibility Law.

50   (2) The department in cooperation with the Department of

51 Revenue may contract with a private vendor or vendors to establish

52 and maintain the system.

53   (3) The system must:

54   (a) Send requests to insurers for verification of motor

55 vehicle liability insurance using electronic services established

56 by the insurers through the Internet, World Wide Web, or a similar

57 proprietary or common carrier electronic system in compliance with

58 the specifications and standards of the Insurance Industry

59 Committee on Motor Vehicle Administration and other applicable

60 industry standards;

61   .   (b) Include appropriate provisions to secure its data

62 against unauthorized access and to maintain a record of all

63 requests and responses;

64   (c) Be accessible, without fee, to authorized personnel

65 of the department, the Department of Revenue, the courts, law

66 enforcement personnel, county tax collectors, and other entities

67 authorized by the department or the Department of Revenue under

68 the provisions of Section 4 of this act;

69   (d) Be able to interface with existing department and

70 Department of Revenue systems;

71   (e) Be able to be accessed by authorized users via a

72 secure web browser;

73   (f) Receive insurance data file transfers from insurers

74 under specifications and standards set forth in paragraph (a) of

75   this subsection to identify motor vehicles that are not covered by

76   an insurance policy;

77   (g) Provide a means by which low-volume insurers that

78   are unable to deploy an online interface with the system can

79   report insurance policy data to the department, the Department of

80   Revenue or their designee for inclusion in the system;

81   (h) Provide a means to track separately or distinguish

82   motor vehicles that are subject to a certificate of insurance

83   under Section 63-15-39 or 63-15-41, a certificate of

84   self-insurance under Section 63-15-53, a bond under Section

85   63-15-49, or a certificate of deposit of money or securities under

86   Section 63-15-51;

87   (i) Distinguish motor vehicles that are exempt from the

88   provisions of Sections 1 through 7 of this act;

89   (j) Be available twenty-four (24) hours a day, seven

90   (7) days a week, subject to reasonable allowances for scheduled

91   maintenance or temporary system failures, to verify the insurance

92   status of any motor vehicle in a manner prescribed by the

93   department or the Department of Revenue; and

94   (k) Be installed and operational not later than July 1,

95   2013, following an appropriate testing period of not less than six

96   (6) months.

97   (4) Every insurer shall cooperate with the department and

98   the Department of Revenue in establishing and maintaining the

99   system and shall provide access to motor vehicle liability policy

100 status information to verify liability coverage for:

101   (a) A motor vehicle insured by that company that is

102 registered in this state; and

103   (b) If available, a motor vehicle that is insured by

104 that company or that is operated in this state regardless of where

105 the motor vehicle is registered.

106   **SECTION 3.** (1) A law enforcement officer or authorized

107 employee of a law enforcement agency may, during the course of a

108   traffic stop or accident investigation, access the verification

109   system established under Section 2 of this act to verify whether a

110   motor vehicle is covered by a valid motor vehicle liability policy

111   in at least the minimum amounts required under Section 63-15-3(j).

112   (2)   The response received from the system supersedes an

113   insurance card produced by a motor vehicle owner or operator, and

114   notwithstanding the display of an insurance card by the owner or

115   operator, the law enforcement officer may issue a complaint and

116   notice to appear to the owner or operator for a violation of the

117   Mississippi Motor Vehicle Safety-Responsibility Law.

118   (3)   Except upon reasonable cause to believe that a driver

119   has violated another traffic regulation or that the driver's motor

120   vehicle is unsafe or not equipped as required by law, a law

121   enforcement officer may not use the verification system to stop a

122   driver for operating a motor vehicle in violation of this act.

123   **SECTION 4.**   (1)   The Department of Public Safety, hereinafter

124   referred to in this section as "department," and the Department of

125   Revenue shall administer and enforce the provisions of Sections 1

126   through 7 of this act, as applicable, and shall make rules,

127   jointly or separately, necessary for the administration of the

128   motor vehicle insurance verification system created under Section

129   2 of this act.

130   (2)   The rules must:

131   (a)   Establish standards and procedures for accessing

132   the system by authorized personnel of the department, the

133   Department of Revenue, the courts, law enforcement personnel, tax

134   collectors of each county and any other entities authorized by the

135   department or the Department of Revenue that are consistent with

136   specifications and standards of the Insurance Industry Committee

137   on Motor Vehicle Administration and other applicable industry

138   standards;

EXHIBIT A-2

139   (b)   Provide for the suspension of a vehicle

140   registration and/or a driver's license when required by Sections 1

141   through 7 of this act;

142   (c)   Prohibit the reinstatement of a vehicle

143   registration or driver's license unless the applicable fines have

144   been paid; and

145   (d)   Provide for periodic insurance data file transfers

146   from insurers to identify motor vehicles that are not covered by

147   an insurance policy and to monitor ongoing compliance with

148   mandatory motor vehicle liability insurance requirements.

149   (3)   The department and/or the Department of Revenue may

150   adopt additional rules to:

151   (a)   Assist authorized users in interpreting responses

152   received from the motor vehicle insurance verification system and

153   determining the appropriate action to be taken as a result of a

154   response; and

155   (b)   Otherwise clarify system operations and business

156   rules.

157   SECTION 5.   Every owner of a motor vehicle in this state

158   shall comply with the motor vehicle liability insurance coverage

159   in at least the minimum amounts required under Section 63-15-3(j)

160   before that owner may receive a registration for a motor vehicle

161   or renew a registration.   The owner must also maintain continuous

162   coverage in at least the minimum amounts required under Section

163   63-15-3(j) throughout the registration period.   The verification

164   system shall be used at registration to determine compliance with

165   this section and the response received from the system supersedes

166   an insurance card produced by a motor vehicle owner or operator,

167   and notwithstanding the display of an insurance card by the owner

168   or operator, the owner shall be denied a registration for a motor

169   vehicle or renewal of a registration based on the verification

170   system's response of noncompliance.   The Department of Revenue

171   must make the verification system available to the tax collector

172   through its title/registration network system. If the owner is

173   applying for the initial registration of a motor vehicle, then the

174   owner may be granted a registration notwithstanding the response

175   received from the verification system.

176   **SECTION 6.** (1) Sections 1 through 7 of this act shall not

177   apply to any motor vehicle that:

178   (a)   Has commercial auto coverage;

179   (b)   Is qualified for a fleet registration;

180   (c)   Is part of a self-insured corporate or individual

181   fleet registered under Section 27-19-66, or self-insured under

182   Section 63-15-53;

183   (d)   Is included in an insurance binder that has not

184   been entered into the system at the time the verification system

185   is accessed;

186   (e)   Is exempted from the proof of insurance requirement

187   under Section 63-15-4(1); or

188   (f)   Has a gross vehicle weight of sixteen thousand

189   (16,000) pounds or greater.

190   (2)   For the purposes of Sections 1 through 7 of this act,

191   "commercial auto coverage" is defined as any coverage provided to

192   an insured, regardless of number of vehicles or entity covered,

193   under a commercial coverage form and rated from a commercial

194   manual approved by the Department of Insurance. Sections 1

195   through 7 of this act shall not apply to vehicles insured under

196   commercial auto coverage; however, insurers of such vehicles may

197   participate on a voluntary basis.

198   **SECTION 7.** (1) If the owner of a motor vehicle being

199   operated on the public roads, streets or highways of the State of

200   Mississippi or registered in the State of Mississippi fails to

201   have motor vehicle liability insurance in at least the minimum

202   amounts required under Section 63-15-3(j), the Commissioner of

203   Public Safety, the Commissioner of Revenue or a court of proper

204   jurisdiction shall suspend the vehicle registration and/or the

205 owner's or the operator's driving privilege and shall impose a

206 civil penalty in an amount of Three Hundred Dollars ($300.00) upon

207 a first conviction, in an amount of Four Hundred Dollars ($400.00)

208 upon a second conviction and in an amount of Five Hundred Dollars

209 ($500.00) upon a third or subsequent conviction. If suspended,

210 the registration or driving privilege shall not be reinstated

211 until the owner has motor vehicle liability insurance in at least

212 the minimum amounts required under Section 63-15-3(j) and has paid

213 the civil penalties imposed. Any person shall have the right to

214 appeal any suspension or civil penalty under this section in a

215 court of proper jurisdiction. If the matter is appealed and a

216 violation is found, then the court shall not reduce, suspend or

217 suspend the execution of any penalty imposed under the provisions

218 of this subsection, in whole or inpart. It shall be the duty of

219 the county prosecuting attorney, an attorney employed under the

220 provisions of Section 19-3-49, or in the event there is no such

221 prosecuting attorney for the county, the duty of the district

222 attorney to represent the state in any appeal held under this

223 subsection. Civil penalties collected under this subsection shall

224 be deposited into the special fund created under subsection (2) of

225 this section. However, if the appeal of such civil penalty would

226 be under the proper jurisdiction of a municipal court, One Hundred

227 Dollars ($100.00) of the funds from such civil penalty shall be

228 deposited in the general fund of that municipality. If the appeal

229 of such civil penalty would be under the proper jurisdiction of

230 any of the courts of a county, One Hundred Dollars ($100.00) of

231 the funds from such civil penalty shall be deposited in the

232 general fund of that county. A person convicted of a civil

233 violation under this subsection (1) shall not be convicted of a

234 criminal offense under Section 63-15-4(4) arising from the same

235 incident.

236   (2)   (a)   There is created in the State Treasury a special

237 fund to be designated as the "Uninsured Motorist Identification

238 Fund." The fund shall consist of monies deposited therein as
239 provided under subsection (1) of this section and monies from any
240 other source designated for deposit into such fund. Unexpended
241 amounts remaining in the fund at the end of a fiscal year shall
242 not lapse into the State General Fund, and any interest earned or
243 investment earnings on amounts in the fund shall be deposited to
244 the credit of the fund; however, one-half (1/2) of any monies in
245 excess of the amount needed to defray the expenses and costs of
246 the verification system created under Section 2 of this act
247 remaining in the fund at the end of a fiscal year shall be
248 transferred to the Motor Vehicle Ad Valorem Tax Reduction Fund
249 created under Section 27-51-105, and one-half (1/2) of any monies
250 in excess of the amount needed to defray the expenses and costs of
251 the verification system created under Section 2 of this act
252 remaining in the fund at the end of a fiscal year shall be
253 transferred to the Mississippi Trauma Care Systems Fund created
254 under Section 41-59-75.
255   (b) Monies in the special fund may be used by the
256 Department of Public Safety and the Department of Revenue, upon
257 appropriation by the Legislature, only for the purpose of
258 defraying expenses and costs for the motor vehicle insurance
259 verification system created under Section 2 of this act. Monies
260 in the fund used for the purposes described in this paragraph (b)
261 shall be in addition to other funds available from any other
262 source for such purposes.
263   SECTION 8. Section 63-15-4, Mississippi Code of 1972, is
264 amended as follows:
265   63-15-4. (1) The following vehicles are exempted from the
266 requirements of this section:
267   (a) Motor vehicles exempted by Section 63-15-5;
268   (b) Motor vehicles for which a bond or a certificate of
269 deposit of money or securities in at least the minimum amounts

270 required for proof of financial responsibility is on file with the

271 department;

272   (c) Motor vehicles that are self-insured under Section

273 63-15-53; and

274   (d) Implements of husbandry.

275   (2) (a) Every motor vehicle operated in this state shall

276 have an insurance card maintained in the motor vehicle as proof of

277 liability insurance that is in compliance with the liability

278 limits required by Section 63-15-3(j). The insured parties shall

279 be responsible for maintaining the insurance card in each motor

280 vehicle.

281   (b) An insurance company issuing a policy of motor

282 vehicle liability insurance as required by this section shall

283 furnish to the insured an insurance card for each motor vehicle at

284 the time the insurance policy becomes effective. Beginning on

285 July 1, 2013, insurers shall furnish commercial auto coverage

286 customers with an insurance card clearly marked with the

287 identifier, "Commercial Auto Insurance" or "Fleet" or similar

288 language, to reflect that the vehicle is insured under a

289 commercial auto policy.

290   (3) Upon stopping a motor vehicle at a roadblock where all

291 passing motorists are checked as a method to enforce traffic laws

292 or upon stopping a motor vehicle for any other statutory

293 violation, a law enforcement officer, who is authorized to issue

294 traffic citations, shall verify that the insurance card required

295 by this section is in the motor vehicle. However, no driver shall

296 be stopped or detained solely for the purpose of verifying that an

297 insurance card is in the motor vehicle unless the stop is part of

298 such roadblock. If the law enforcement officer uses the

299 verification system created in Section 2 of this act and receives

300 a response from the system verifying that the owner of the motor

301 vehicle has liability insurance in the amounts required under

302 Section 63-15-3(j), then the officer shall not issue a citation

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303 under this section notwithstanding any failure to display an

304 insurance card by the owner or operator.

305　　　(4)　Failure of the owner or the operator of a motor vehicle

306 to have the insurance card in the motor vehicle is a misdemeanor

307 and, upon conviction, is punishable by a fine of Five Hundred

308 Dollars ($500.00) and suspension of driving privilege for a period

309 of one (1) year or until the owner of the motor vehicle shows

310 proof of liability insurance that is in compliance with the

311 liability limits required by Section 63-15-3(j). Fraudulent use

312 of an insurance card shall be punishable in accordance with

313 Section 97-7-10. The funds from such fines shall be deposited in

314 the State General Fund in the State Treasury. However, if such

315 fines are levied in a municipal court, fifty percent (50%) of the

316 funds from such fines shall be deposited in the general fund of

317 the municipality. If such fines are levied in any of the courts

318 of the county, fifty percent (50%) of the funds from such fines

319 shall be deposited in the general fund of the county. A person

320 convicted of a criminal offense under this subsection (4) shall

321 not be convicted of a civil violation under Section 7(1) of this

322 act arising from the same incident.

323　　　(5)　If, at the hearing date or the date of payment of the

324 fine, the motor vehicle owner shows proof of motor vehicle

325 liability insurance in the amounts required by Section 63-15-3(j),

326 the fine shall be reduced to One Hundred Dollars ($100.00). If

327 the owner shows proof that such insurance was in effect at the

328 time of citation, the case shall be dismissed as to the defendant

329 with prejudice and all court costs shall be waived against the

330 defendant.

331　　　SECTION 9. It is the intent of the Legislature that no

332 portion of this act shall be interpreted to mean that any

333 particular vendor's verification system or methodology be

334 considered preferential to another's solely based on any language

EXHIBIT A-2

335　in this act and as long as the system is in compliance with this

336　act.

337　　　**SECTION 10.**　Sections 1 through 7 of this act shall stand

338　repealed from and after July 1, 2018.

339　　　**SECTION 11.**　This act shall take effect and be in force from

340　and after July 1, 2012, except for Section 5 of this act which

341　shall take effect and be in force from and after July 1, 2013.

Nevada LIVE

History of Nevada LIVE

- In 2007, the Nevada Department of Motor Vehicles (DMV) made a decision to update the system to verify insurance coverage on actively registered vehicles.
  - The old system was very antiquated and relied upon the submission of insurance records using diskettes, CD's or data cartridges.
- Nevada Liability Insurance Validation Electronically (Nevada LIVE) when live on March 15, 2010.

- Nevada LIVE is a "home grown" system and is one of a kind. In creating and implementing this system, DMV followed the IICMVA Guidelines.
  - The process which once took up to several weeks now can be accomplished in under one second.
  - The change enabled the registered owners to actively participate in updating their insurance record and having the ability see their record online.

- DMV learned early that each insurance company does business a little bit different and it became important to find methods which were accommodating to as many companies as possible.
  - Web Services (pinging)
  - SFTP (Secure File Transfer Protocol)
  - Excel Spreadsheets
- Allowing these options allow insurance companies to make a gradual transition to electronic reporting.
- Through a gradual transition, all companies in the state eventually converted to web services.
- SFTP is still used for a Book of Business or for large scale data corrections. SFTP and Excel spreadsheets are no longer a primary reporting method.

Where is the data coming from?

- The registered owner provides their insurance card which includes the NAIC, policy number, and effective dates that are entered:
  - By a DMV Technician, or
  - By the registered owner, agent, or underwriter
  - By the insurance company in a book of business
- The registered owner, agent, or underwriter enters the insurance information online and that data is uploaded to the DMV Application instantly.

Book of Business

- A book of business is a large data file which contains the policy information for all current policies that company has for Nevada.

- An insurance company submits a SFTP book of business when:
  - They make the transition to web services, or
  - They need to correct all of their insurance records

- Using the data that company provides, the DMV then match the records to our existing vehicle registration. The insurance information is used to ping the company's web server.

- Nevada is now joining all the other Web Service states in requiring a monthly file. The file is referred to as a book of business containing all policies and follows the IICMVA's 300 format.

- Nevada will use the same 300 format but will only require new or amended policies.

  - When Nevada LIVE first began, a monthly update was not a part of our program.

  - Nevada's registered owners are responsible to update their insurance records but do not.

  - 75% of the incidents for no insurance are resolved after the registered owner receives the postcard or notice of suspension.

- The receipt of the new and amended policies will reduce the number of postcards and suspension notices sent for no insurance.

Pings

- When the DMV needs to verify insurance coverage, an electronic query or "Ping," is sent to that URL.
- A Ping is request using SOAP *(Simple Object Access Protocol)*, this request sends the following data elements:
  - VIN
  - Registered owners
  - Vehicle Info
  - Dates being verified
  - NAIC number
  - Policy number
  - Driver License Number (optional)
  - FEIN number (optional)
- The insurance company responds with a confirmed or un-confirmed response.
  - A reason code accompanies the response explaining why the insurance policy was unconfirmed.

What Happens Next

- DMV receives the response and uses that information to determine if the insurance coverage is continuous or if there is a lapse.

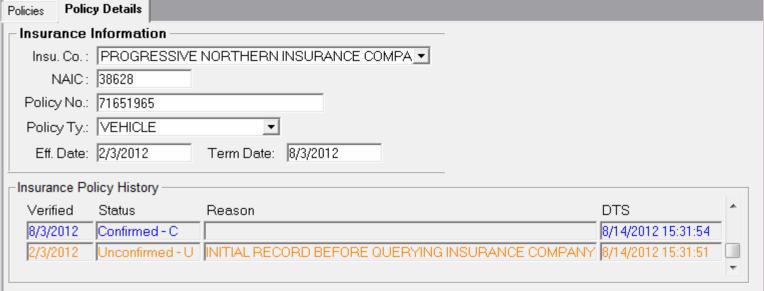| CONFIRM	UN-CONFIRMED
If the record comes back confirmed, DMV stores the information. At least every 60 days the policy is pinged to verify continuing coverage without sending correspondence to the registered owner.	If the record comes back unconfirmed, our system will follow the next steps based on the insurance records on file. It often takes up to 30 days for insurance information to become available to DMV on new policies.

- When the insurance record is un-confirmed, the DMV's system needs to determine if the insurance record is new or existing.
  - New insurance record will be pinged every 7 days until the 28th day or a confirmed response is received.
    - On the 28th day, the unconfirmed record will produce a verification postcard to the registered owner asking them to provide their insurance information again.
  - Existing insurance record will be pinged to locate the first day of the potential lapse. That record will produce a verification postcard asking the registered owner to provide their insurance information for the incident date(s).
- Using the information the customer provides in their reply, DMV can then initiate a new ping to the insurance company in attempt to verify coverage.

Example of multiple insurance records

Policies | Policy Details

Company	Policy Num.	Ty.	Eff. Date	Term. Date
VIKING INSURANCE COMPANY OF WISCONSIN	285634937	V	8/16/2012	2/16/2013
PROGRESSIVE NORTHERN INSURANCE COMPANY	71651965	V	2/3/2012	8/3/2012
PROGRESSIVE NORTHERN INSURANCE COMPANY	716519650	V	2/3/2012	8/3/2012
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY	986822706	V	1/8/2012	1/8/2012
ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY	986822706	V	2/17/2011	1/7/2012
PROGRESSIVE CASUALTY INSURANCE COMPANY	65095199	V	2/18/2010	2/16/2011

Example of the policy details

Policies | **Policy Details**

Insurance Information

Insu. Co.: PROGRESSIVE NORTHERN INSURANCE COMPA ▾

NAIC: 38628

Policy No.: 71651965

Policy Ty.: VEHICLE ▾

Eff. Date: 2/3/2012   Term Date: 8/3/2012

Insurance Policy History

Verified	Status	Reason	DTS
8/3/2012	Confirmed - C		8/14/2012 15:31:54
2/3/2012	Unconfirmed - U	INITIAL RECORD BEFORE QUERYING INSURANCE COMPANY	8/14/2012 15:31:51

The Verification Process

- Nevada law requires that vehicles registered in the state maintain continuous liability insurance.

- If the NV LIVE process detects no insurance or a laps in coverage the registered owner is sent a postcard asking them to verify their insurance information with DMV.

- Nevada DMV uses a vendor to mail the postcards. An electronic file is transmitted nightly. The postcards are printed and mailed the next day.

- The registered owner is allotted 15 days to submit a response to the DMV, by completing the postcard or responding online.
  - The registered owner may provide their insurance information, or
  - Explain why there was no coverage (i.e. they have sold the vehicle).
- If the response is insurance information, that information is used to ping the insurance company's data base.
  - If the postcard is returned to DMV, a technician will enter the data to get a ping.
  - If the postcard is responded to on the web, the new insurance record will be pinged.
- If the response is an explanation for no coverage, the reason is verified. DMV is able to verify if the vehicle is registered in another state or has been sold.
- If the policy cannot be verified electronically, a written request is forwarded to the insurance company.
  - The insurance company can update their data base so the information can be verified, or
  - The insurance company can deny coverage that will result a suspension.

Suspensions

- If the registered owner admits no insurance, fails to respond to the postcard, or the insurance company denies coverage a certified letter is mailed.

- If insurance records still cannot be confirmed by the suspension date given to the customer on the certified notice, the vehicle registration is then suspended.

- At any time, however, insurance records can be confirmed and the suspension can be rescinded or prevented.

Penalties

- In 2011, Nevada legislature passed a bill which instituted a system of tiered penalties for those who have had a lapse of insurance.

- The goal of this particular bill was to reduce the uninsured motorist rates in Nevada.

- The penalties for this suspension are based upon the length of the lapse and the number of previous lapses the customer has had on this vehicle registration in the past five years.

- The penalties are in the following matrix.

NEVADA LIVE REINSTATEMENT REQUIREMENTS

Length of Lapse	1-30 Days	31-90 Days	91-180 Days	More than 181 Days
1st Offense				
TOTAL Fee and Fine	$250	$500	$750 and SR22	$1,250 and SR22
2nd Offense within the past five years				
TOTAL Fee and Fine	$500	$1,000	$1,000 and SR22	$1,500 and SR22
3rd Offense within the past five years driver's license suspension for 30 days and				
TOTAL Fee and Fine	$750	$1,250	$1,500 and SR22	$1,750 and SR22

Additional Resources

- Full technical specifications and reporting manuals can be found on our website at http://www.dmvnv.com/insuranceagents.htm

- Information DMV have provided to the public can be found at http://www.dmvnv.com/insurance.htm

- More information on our programs development can be found at http://www.dmvnv.com/nvlive.htm

- More information on the IICMVA model can be located at http://www.iicmva.com

Thank You

EXHIBIT C-1

On-Line IVS Powered by Insure-Rite and HDI Solutions Insurance Verification Model

Create an Effective Law

EXHIBIT C-1

- The law must make clear the behavior that is required to comply with the law

- It must be enforceable

- The public must believe they will be caught if they break the law

- The consequences must be sufficient to provide an effective deterrent

Utah Program

- The full book of business is downloaded twice a month from:
  - All insurance companies licensed to and doing business in Utah
  - The Motor Vehicle Division
  - The Driver License Division

Utah Program

EXHIBIT C-1

- These records are matched using a series of cascading algorithms
- These algorithms account for the differences between insurance company data and DMV and DLD data
- We consistently match over 97% of vehicles to a policy in Utah (over 99.5% in Texas)
- Next July we will add the "WEB services, IICMVA, model to our system

EXHIBIT C-1

- After matching an insured motorist data base is created

- By default, an uninsured database is also created

- Once we know how many vehicles are insured and how many are not insured we have accurate uninsured vehicle rate

- In Utah we started at about 24%, the current rate is consistently under 5% (using the same methodology)

Letter Campaign

EXHIBIT C-1

- Once a vehicle has been identified as potentially uninsured for 90 consecutive days they enter the letter phase.
  - The first letter gives the owner a chance to correct the problem or exempt the vehicle (insured, sold, out of service, seasonal etc.)
  - If no response after 15 days a second letter is sent giving the same options
  - If no response, DMV is notified and the registration is revoked

Costs

- In Utah there is an additional fee of $1.00 paid at the time of registration

- That fee is deposited in a restricted account which pays for the program

- In Hawaii, as in Utah, the $1.00 fee more than pays for the system

Funding Options

- Have insurance companies pay $1.00 per year for each policy they write

- Take a portion of the reinstatement fee paid when revoked registrations are reinstated (several legislators we have spoken with like this option as is not a "tax" and the offenders pay for the program)

QUESTIONS?

EXHIBIT C-1

The ONLINE|IVS Team

The **ONLINE|IVS** team brings together the nation's top leaders in Financial Responsibility Verification and large-scale data matching, warehousing, and mining. The **ONLINE|IVS** team stands alone in our level of demonstrated experience.

HDI Solutions, LLC (HDI) provides development and program administration services for a variety of state clients. In addition, HDI provides extensive data matching, warehousing, and mining services for clients across the United States.

Insure-Rite, Inc. created the nation's first system to *proactively* identify uninsured motorists as well as the nation's first real-time 24/7/365 provision of insurance verification services to law enforcement. Its data-matching service is unparalleled in the industry.

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EXHIBIT C-9

Uninsured motorists are a growing problem.

ONLINE|IVS can solve it.

ONLINE|IVS is the complete solution to reducing the uninsured motorist rate. The solution is a combination of both proactive and reactive approaches to insurance identification and verification.

ONLINE|IVS accurately identifies those who are uninsured, gives them the opportunity to resolve their insurance status, and then reports lingering offenders to their respective state for further action.

WWW.ONLINE-IVS.COM

Identify. Confirm. Report.

IDENTIFY

We identify uninsured motorists and mail notifications to the registered vehicle owner.

CONFIRM

We confirm whether the vehicle has been insured, sold, or is actually registered to another driver.

REPORT

We report uninsured vehicles and drivers. This allows your state agency to be more efficient in enforcing your state's laws and regulations regarding uninsured motorists.

Why Choose ONLINE|IVS?

Unlike some vendors who have over-promised and under-delivered, the **ONLINE|IVS** team has successfully developed a field-proven solution that can be customized to your needs.

The ONLINE|IVS Advantage

The **ONLINE|IVS** team is composed of two companies that represent the industry's best practices for:

- Insurance Data Matching
- Event Based Verification Procedures
- Large-scale Database Construction and Administration
- Ongoing Verification Programs
- Web-based Verification Procedures

ONLINE|IVS is "SMART"

SECURE

- Protects insurer, state agency, and driver information
- Maintains measures to prevent security and confidentiality breaches

MEASURABLE

- Provides full audit trails of all transactions
- Provides complete reports of all system metrics

ACCURATE

- Provides trustworthy responses to inquiries
- Prevents needless correspondence being sent to drivers

RELIABLE

- Uses the most successful ongoing verification process software
- Maintains successful processing of massive quantities of records

TIMELY

- Honors data exchange between insurers and state agencies
- Completes inquiries within users' expected time frames

ONLINE|IVS

INSURANCE VERIFICATION SERVICES
Powered by HDI Solutions and Insure-Rite

BEST PRACTICES FOR INSURANCE VERIFICATION

The following observations are based on Insure-Rites 14 years of experience operating the first full book reporting insurance verification system in the Nation.

Create an effective law:

> In order for a law to be effective it must contain 3 elements:
>
> > It has to be clear enough for the public to clearly understand what constitutes illegal behavior.
> >
> > The pubic must have the perception that if they engage in the illegal behavior they will be caught.
> >
> > The punishment must fit the crime. For example, a violation of an insurance law must be at least as expensive as purchasing insurance.

Identify what you are really trying to accomplish:

> The jurisdictions goal should always be to reduce the overall uninsured rate. The majority of the insurance verification programs currently operating in the U.S. focus on the accuracy of the insurance information supplied by individual companies. In essence, theses program tend to focus on "data cleansing" and punishing insurance companies and loose sight of the overall objective.
>
> Another trap regulators tend to fall in is to become more concerned with catching individuals rather than reducing the overall uninsured rate. The best practice is to error on the side of attaching insurance to a vehicle rather than making the mistake of accusing someone who does have insurance of not having it. This is particularly critical for police officers on the street that will take an enforcement action. Law enforcement will loose faith in the system very quickly if they write tickets, which are later, dismissed because the information they received was wrong. Once that faith is lost, it is almost impossible to get back.

Don't focus on data cleanup, that is the database administrator's job. If a record is matched it doesn't matter if all the data elements do not match identically. For unmatched records, the letter campaign will serve to link the records.

> It is important to remember that insurance companies only collect information that allow them to operate within their business rules. A prime example of this is the VIN. Many companies are only concerned with the data

EXHIBIT C-3

elements in the VIN, which provide them with rating information, model, engine size, air bags etc.. As a result, they are not overly concerned with the portions of the VIN, which do not focus on those elements.

The same challenges exist with name(s). It is common for the name on the policy to be different from the name on the registration. A prime example is an executive who has a company car, which is insured under the company policy but registered to the individual.

Determine how you will measure the uninsured rate, and then stick with it. There is no foolproof method to measure the uninsured rate. The key is to establish a method that is repeatable so you can measure the rate over time that will allow you to evaluate the impact of the remedial measures or changes in laws you will employ over time.

Notify vehicle owners prior to taking any action, including the status of the vehicle you will give to law enforcement. Give the citizen an opportunity to correct a problem before you put them in harms way for an enforcement action.

Depending of the frequency of reporting, allow at least 60 days between the first time a vehicle is suspected of being uninsured and starting a notification process. While some companies are better than others, it takes time for new policies to be reported. Accounting for this reality will save considerable time (customer service) and money (postage) and increase the overall acceptance and effectives of the program.

Require full book reporting at least once a month, (twice a month is better, every week is overkill). Full book allows you multiple bites of the apple. For example, in add/delete systems data can be lost on a particular day that will never be recovered. With a full book system, even if a record, or group of records, is missing on one submission, they will appear in subsequent downloads.

Along with full book reporting, implement the IICMVA WEB services on line verification program. When used in conjunction with a full book reporting system (to create a pointer file) employing this technology will provide you with the best of both worlds. Even if you don't have participation from all companies, the WEB services model will save time and money as you engage enforcement and administrative actions.

EXHIBIT C-3

Model Legislation Summary

The Bill should propose a complete system to reduce the uninsured motorist rate without undue burden on either the State or its citizens as follows:

- o The core component is the creation of a Motorist Insurance Identification Database. This Database is created by matching a full book of business from each insurance company licensed to write auto liability policies with the full DMV file and DLD file. This should be done either once or twice per month.
- o This creates an uninsured vehicle pool
- o It is the most cost affective, user friendly (no data entry by end users) and accurate method given today's technology.
- o Letters are generated and sent to the owners of vehicles that have been identified as uninsured.
- o The owners may then either provide proof of insurance or show that they are exempt from the insurance requirements.
- o Owners who fail to prove their vehicle is insured or legitimately exempt should have an enforcement action taken against the owners registration.

The Bill should safeguards owners who move from one insurance company to another by waiting 90 days before they are sent the first notification. Why 90 days? This allows sufficient time for the new company to begin reporting and has proven to be the most effective strategy through real world experience in Utah.

Include a reinstatement for registrations that are suspended or revoked for lack of insurance that is equal to or greater than the cost of insurance.

The final component is a real time check through a WEB service going directly to the insurance company. By using a database/pointer file this check is automatic and requires no data entry by the end user.

Who benefits from this program?

1. The Department and motorists, by accurately pulling registrations from uninsured cars.
2. Law enforcement,by having immediate access to an up-to-date insurance database rather than asking for proof of insurance cards that are often meaningless anyway.
3. Insured motorists renewing their registrations, because they will no longer have to find and carry proof of insurance papers into the registration agent.
4. Everyone buying car insurance in the jurisdiction, because their insurance rates reflect the cost of protecting themselves from uninsured drivers on the road.

InsureRite, has been operating an identical program in Utah since 1995 with a match rate, which varies from 96% to 98%. **When the program began the uninsured rate was about 25%, the current rate is consistently below 5% now.**

We recommend that the jurisdiction add $1.00 to the registration fee placed in a restricted fund to cover all costs associated with the program.

EXHIBIT C-4

The Benefits – The E's of Evidence

Event based system (registration, traffic stop, court inquiry, periodic verification).

As planned there is no ongoing enforcement

Eliminates the delay associated with database reporting programs.

The system is only as good as the insurance companies ability to add and delete policies as a result there are delays associated with this program also. It also relies on "broadcasts" which are not currently even in the model program to identify coverage when the carrier and all the data elements are not present.

Ends the creation and maintenance of data

This is true only if you do not do periodic verification. If you are going to do periodic verification you need to create a database of known policies.

repositories; reduces expenses and labor.

Enhances results with greater accuracy and more precise matching.

In fact, "the more precise matching criteria" proposed will result in multiple non matches that the IR database matches. We know that about 20% of insurance companies VINS's do not match the State VIN. The IR database matches 97% to 99% of those making the database more accurate. In order for the match to be better, the clerk, officer, prosecutor must hand enter all 5 data elements exactly as they appear on the companies database.

Ensures that standardization and future advancements are available to all jurisdictions.

The WISDL is not standardized in practice. Multiple concessions must be make to connect and continue to send and receive data. Utah has been trying to connect USAA, one of the standard barriers of the IICMVA model, for several months without success, primarily because of difficulties on USAA's end. Everything IR has learned over the past 15 years and everything we learn as we go forward is available to all jurisdictions that use or service, exactly as the IICMVA model is.

Enhances data security; confidential customer data is not required.

In 15 years of operation, the IR database has never been compromised, not has any confidential customer data been given to a third party that was not entitled to the information.

Easily identify counterfeit Auto Insurance Identification Cards.

So does the IR database program.

Evidence of insurance can be used with DMV vehicle registrations and renewals, police roadside inquiries, accident investigations and court requests.

So does the IR database. In addition, with the IR database an actual person can be subpoenaed to ensure a conviction.

EXHIBIT C-4

HOUSE BILL 2411, Representatives Colona, sponsor

This Bill a complete system to reduce the uninsured motorist rate in Missouri without undue burden on either the State or its citizens as follows:

- o The core component is the creation of a Motorist Insurance Identification Database.
- o This creates an uninsured vehicle pool
- o It is the most cost affective, user friendly (no data entry by end users) and accurate method given today's technology.
- o Letters are generated and sent to the owners of vehicles that have been identified as uninsured.
- o The owners may then either provide proof of insurance or show that they are exempt from the insurance requirements.

The Bill safeguards owners who move from one insurance company to another by waiting 90 days before they are sent the first notification. Why 90 days? This allows sufficient time for the new company to begin reporting and has proven to be the most effective strategy through real world experience in Utah.

The reinstatement fee increases to a more reasonable fee of $100.

The final component is a real time check through a WEB service going directly to the insurance company. By using a database/pointer file this check is automatic and requires no data entry by the end user.

Who benefits from this program?

1. The DOR, by accurately pulling registrations from uninsured cars.
2. Law enforcement,by having immediate access to an up-to-date insurance database rather than asking for proof of insurance cards that are often meaningless anyway.
3. Insured motorists renewing their registrations, because they will no longer have to find and carry proof of insurance papers into the DOR agent.
4. Everyone buying car insurance in Missouri, because their insurance rates reflect the cost of protecting themselves from the one in seven uninsured drivers on the road!

My company, InsureRite, has been operating a virtually identical program in Utah since 1995 with a match rate, which varies from 96% to 98%. **When the program began the uninsured rate was about 25%, the current rate is consistently below 5% now.**

We also created a database for the Texas program which, when fully operational, will be virtually identical to the program being proposed here. In Texas, insurance companies submit files weekly, which mean we "crunch" approximately 100,000,000, records every week there and have a match rate consistently over 99%.

We look forward to competing with the other companies in our industry for the privilege of implementing Missouri's program.

EXHIBIT C-4

MODEL LEGISLATION

AUTO INSURANCE VERIFICATION ACT

Definitions.
As used in this Act:
(1) "Database" means the Auto Insurance Verification Database created in this Act.

(2) "Department" means the Department of Public Safety/Motor Vehicles.
(3) "Designated agent," means the third party the Department of Public Safety/Motor Vehicles contracts with under this Act.
(4) "Division" means the Department of Public Safety/Motor Vehicles.

(5) "Motor vehicle" has the same meaning as set forth in Section_____

(7) "Motor Vehicle Division" means the Motor Vehicle Division created in Section _____ .
(8) "Program" means the Auto Insurance Verification Program created under this Act.

Program creation -- Administration -- Selection of designated agent -- Duties --
Rulemaking -- Audits.
    (1) There is created the Auto Insurance Verification Program to:
    (a) establish an Auto Insurance Verification Database to verify compliance with motor vehicle owner's or operator's security requirements under this Act;
    (b) assist in reducing the number of uninsured motor vehicles on the highways of the state;
    (c) assist in increasing compliance with motor vehicle registration and sales and use tax laws or other law enforcement purposes;
    (d) assist in protecting a financial institution's bona fide security interest in a motor vehicle.
    (2) The program shall be administered by the department with the assistance of the designated agent.
    (3) (a) The department shall contract, in accordance with the state Procurement Code, with a third party to establish and maintain an Auto Insurance Verification Database for the purposes established under this Act.
    (4) (a) The third party under contract under this section is the department's designated agent, and shall develop and maintain a computer database from the information provided by:
    (i) insurers under Section ___ relating to motor vehicle insurance reporting;
    (ii) the division under Subsection (6); and
    (iii) the Motor Vehicle Division as provided under this Act.
    (b) (i) The database shall be developed and maintained in accordance with guidelines established by the department so that state and local law enforcement agencies and financial institutions as defined in Section ___ of the state Financial Institutions code can efficiently access the records of the database, including reports useful for the implementation of the provisions of this Act.
    (ii) (A) The reports shall be in a form and contain information approved by the department.
    (B) The reports may be made available through the Internet or through other electronic medium, if the department determines that sufficient security is provided to ensure compliance

EXHIBIT C-5

with provisions of this Act regarding limitations on disclosure of information in the database.

(5) With information provided by the department, the designated agent shall, at least twice monthly:

(a) update the database with the motor vehicle insurance information provided by the insurers in accordance with Section ___ regarding motor vehicle insurance reporting; and

(b) compare all current motor vehicle registrations against the database.

(6) The division shall provide the designated agent with the name, date of birth, address, and driver license number of all persons on the driver license database.

(7) In accordance with the State Rulemaking Act, the department shall make rules and develop procedures in cooperation with the Motor Vehicle Division to use the database for the purpose of administering and enforcing this Act.

(8) (a) The designated agent shall archive computer data files at least semi-annually for auditing purposes.

(b) The internal audit unit of the Department of Public Safety/Motor Vehicle Division provided shall audit the program at least annually. The audit shall include verification of:

(i) billings made by the designated agent; and

(ii) the accuracy of the designated agent's matching of vehicle registration with insurance data.

Notice -- Proof -- Revocation of registration -- False statements -- Penalties -- Exemptions -- Sales tax enforcement.

(1) If the comparison required under the Auto Insurance Verification Database created by this Act shows that a motor vehicle is not insured for three consecutive months, the Motor Vehicle Division shall direct that the designated agent provide notice to the owner of the motor vehicle that the owner has 15 days to provide:

(a) proof of owner's or operator's security in a form allowed under the provisions of this Act; or

(b) proof of exemption from the owner's or operator's security requirements.

(2) If an owner of a motor vehicle fails to provide satisfactory proof of owner's or operator's security to the designated agent, the designated agent shall:

(a) provide a second notice to the owner of the motor vehicle that the owner now has 15 days to provide:

(i) proof of owner's or operator's security in a form allowed under the provisions of this Act; or

(ii) proof of exemption from the owner's or operator's security requirements;

(b) for each notice provided, indicate information relating to the owner's failure to provide proof of owner's or operator's security in the database; and

(c) provide this information to state and local law enforcement agencies as requested in accordance with the provisions of this Act.

(3) The Motor Vehicle Division:

(a) shall revoke the registration upon receiving notification pursuant to this Act; and

(b) shall provide appropriate notices of the revocation, the legal consequences of operating a vehicle with revoked registration and without owner's or operator's security and instructions on how to get the registration reinstated;

(c) may direct the designated agent to provide the notices under this Subsection (3).

(4) Any action by the Motor Vehicle Division to revoke the registration of a motor vehicle

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under this section may be in addition to an action by a law enforcement agency to impose criminal penalties under this Act.

(5) (a) A person may not provide a false or fraudulent statement to the Motor Vehicle Division or designated agent.

(b) In addition to any other penalties, a person who violates Subsection (5)(a) is guilty of a misdemeanor.

(6) The department and the Motor Vehicle Division shall direct the designated agent to exempt from this section a farm truck that:

(a) meets the definition of a farm truck under Section ___; and

(b) is registered as a farm truck under the Motor Vehicle Act.

(7) This part does not affect other actions or penalties that may be taken or imposed for violation of the owner's and operator's security requirements of this chapter or other law.

(8) If a comparison under the provisions of this Act shows that a motor vehicle may not be in compliance with motor vehicle registration or sales and use tax laws, the Motor Vehicle Division may direct that the designated agent provide notice to the owner of a motor vehicle that information exists which indicates the possible violation.

(9) A registration that has been revoked under this section may not be reinstated and a new license or registration may not be issued to the holder of the revoked registration until the person:

(a) pays to the Motor Vehicle Division an administrative reinstatement fee of $100; and

(b) complies with the other requirements of this Act.

(10) The fee imposed by this section is in addition to other fees imposed by law.

Disclosure of insurance information -- Penalty.

(1) Information in the database established under this Act provided by a person to the designated agent is considered to be the property of the person providing the information. The information may not be disclosed from the database under the state Open Records Act, or otherwise, except as follows:

(a) for the purpose of investigating, litigating, or enforcing the owner's or operator's security requirement under this Act, the designated agent shall verify insurance information through the state computer network for a state or local government agency or court;

(b) for the purpose of investigating, litigating, or enforcing the owner's or operator's security requirement under this Act, the designated agent shall, upon request, issue to any state or local government agency or court a certificate documenting the insurance information, according to the database, of a specific individual or motor vehicle for the time period designated by the government agency;

(c) upon request, the department or its designated agent shall disclose whether or not a person is an insured individual and the insurance company name to:

(i) that individual or, if that individual is deceased, any interested person of that individual, as defined in the state Probate Code;

(ii) the parent or legal guardian of that individual if the individual is an unemancipated minor;

(iii) the legal guardian of that individual if the individual is legally incapacitated;

(iv) a person who has power of attorney from the insured individual;

(v) a person who submits a notarized release from the insured individual dated no more than 90 days before the date the request is made; or

(vi) a person suffering loss or injury in a motor vehicle accident in which the insured

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individual is involved, but only as part of an accident report as authorized in Section ___ relating to access to accident reports;

(d) for the purpose of investigating, enforcing, or prosecuting laws or issuing citations by state or local law enforcement agencies related to the:

(i) registration and renewal of registration of a motor vehicle under the state Motor Vehicle Act;

(ii) purchase of a motor vehicle under the state Sales and Use Tax Act; and

(iii) owner's or operator's security requirements under the state law regarding Financial Responsibility of Motor Vehicle Owners and Operators;

(e) upon request of a peace officer acting in an official capacity under the provisions of Subsection (1)(d), the department or the designated agent shall, upon request, disclose relevant information for investigation, enforcement, or prosecution;

(f) for the purpose of the state auditor, the legislative auditor general, or other auditor of the state conducting audits of the program; and

(g) upon request of a financial institution as defined in the Financial Institutions code for the purpose of protecting the financial institution's bona fide security interest in a motor vehicle.

(2) (a) The department may allow the designated agent to prepare and deliver upon request, a report on the insurance information of a person or motor vehicle in accordance with this section.

(b) The report may be in the form of:

(i) a certified copy that is considered admissible in any court proceeding in the same manner as the original; or

(ii) information accessible through the Internet or through other electronic medium if the department determines that sufficient security is provided to ensure compliance with this section.

(c) The department may allow the designated agent to charge a fee established by the department under state law for each:

(i) document authenticated, including each certified copy;

(ii) record accessed by the Internet or by other electronic medium; and

(iii) record provided to a financial institution under Subsection (1)(g).

(3) Any person who knowingly releases or discloses information from the database for a purpose other than those authorized in this section or to a person who is not entitled to it is guilty of a third degree felony.

(4) An insurer is not liable to any person for complying with Section ___ requiring motor vehicle insurance reporting by providing information to the designated agent.

(5) Neither the state nor the department's designated agent are liable to any person for gathering, managing, or using the information in the database as provided in Section ___ requiring motor vehicle insurance reporting and other provisions of this Act.

Motor vehicle insurance reporting -- Penalty.

(1) (a) As used in this section, "commercial motor vehicle insurance coverage" means an insurance policy that:

(i) includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage; and

(ii) is defined by the department.

(b) the department shall make rules defining commercial motor vehicle insurance coverage.

(2) (a) Except as provided in Subsections (2)(b) and (c), each insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist

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coverage, or personal injury coverage under this part shall before the seventh and twenty-first day of each calendar month provide to the Department of Public Safety's designated agent selected in accordance with this act, a record of each motor vehicle insurance policy in effect for vehicles registered or garaged in (State) as of the previous submission that was issued by the insurer.

(b) Each insurer that issues commercial motor vehicle insurance coverage shall before the seventh day of each calendar month provide to the Department of Public Safety's designated agent selected in accordance with this Act, a record of each commercial motor vehicle insurance policy in effect for vehicles registered or garaged in (State) as of the previous month that was issued by the insurer.

(c) An insurer that issues a policy that includes motor vehicle liability coverage, uninsured motorist coverage, underinsured motorist coverage, or personal injury coverage under this part is not required to provide a record of a motor vehicle insurance policy in effect for a vehicle to the Department of Public Safety's designated agent under Subsection (2)(a) or (b) if the policy covers a vehicle that is registered under Section_____.

(d) This Subsection (2) does not preclude more frequent reporting.

(3) (a) A record provided by an insurer under Subsection (2)(a) shall include:

(i) the name, date of birth, and driver license number, if the insured provides a driver license number to the insurer, of each insured owner or operator, and the address of the named insured;

(ii) the make, year, and vehicle identification number of each insured vehicle; and

(iii) the policy number and effective date of each policy.

(b) A record provided by an insurer under Subsection (2)(b) shall include:

(i) the named insured;

(ii) the policy number, effective date, and expiration date of each policy; and

(iii) the following information, if available:

(A) the name, date of birth, and driver license number of each insured owner or operator, and the address of the named insured; and

(B) the make, year, and vehicle identification number of each insured vehicle.

(4) Each insurer shall provide this information by an electronic means or by another form the Department of Public Safety's designated agent agrees to accept.

(5) (a) The commissioner may assess a fine against an insurer of up to $250 for each day the insurer fails to comply with this section.

(b) If an insurer shows that the failure to comply with this section was inadvertent, accidental, or the result of excusable neglect, the commissioner shall excuse the fine.

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