

**INSURANCE VERIFICATION WORKING GROUP
MINUTES OF SEPTEMBER 13, 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; Gordon Ito, Insurance Commissioner; Dennis Kamimura, City & County of Honolulu, Motor Vehicle Licensing Division Administrator; Christine Karamatsu, Ashford & Wriston; Sean Nakama, LRB; Michael Onofrietti, Hawaii Insurers Council; Mericia Palma Elmore, Watanabe Ing ; Alison Powers, Hawaii Insurers Council; Jeannine Souki, Property and Casualty Insurers Association of America; Debbie Stelmach, City & County of Honolulu, Department of Information Technology; Jo Ann Uchida, DCCA; Elmira Tsang, Department of the Attorney General.

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

1. Call to order; public notice; quorum

Insurance Commissioner Gordon Ito 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 September 6, 2012.

2. Approval of minutes of 8/30/2012 meeting

The minutes of the August 30, 2012 meeting were previously circulated to members for their review. Mr. Onofrietti moved, seconded by Ms. Tsang, to approve the minutes. The motion passed unanimously.

3. Discussion of draft report to the Legislature

Commissioner Ito offered an outline of discussion topics, which was intended as a starting point for discussion by members. (See Outline of Discussion Topics attached as Exhibit A-1.)

There was discussion on the Working Group's recommendation to build the insurance verification data base. With respect to possible implementation, the likely date would be July 1, 2014 or 2015. Mr. Onofrietti suggested deferring this issue and looking at alternatives such as increasing penalties.

Ms. Stelmach noted that the City Department of Information Technology is currently unable to build an insurance verification database, unless funding and staff were available. Mr. Kamimura noted that creating the database internally would not be a realistic approach, unless the Legislature provides the funding or fee structure to create it. The advantages of using a third-party vendor include the quicker

implementation time and prior experience and expertise in designing insurance verification systems.

Mr. Hageli recommended a targeted, focused approach where names are placed on a list of those subject to extra scrutiny (e.g., a person who got ticketed twice for driving without insurance is placed on a registry would be subject to inquiry). This would get away from problems with tracking everyone.

Ms. Tsang suggested addressing enforcement and legal/criminal issues by inviting representatives of the Prosecutor's Office, the Public Defender's Office, and the Administrative Judge of the State District Court. If the data base shows that the driver is driving without insurance, Ms. Tsang questioned whether the evidence is admissible in court. Ms. Tsang agreed to circulate a list of issues.

With respect to enforcement, Mr. Kamimura stated that the penalties for driving without insurance must be sufficient to ensure compliance (e.g., the cost of insurance) and should be mandatory, rather than discretionary. Mr. Onofrietti suggested vehicle forfeiture for the third or fourth offense of driving without insurance.

Mr. Kamimura suggested the creation of an administrative office for adjudicating offenses for driving without insurance, similar to the Judiciary's Administrative Driver's License Revocation Office (ADLRO), where the offense is non-criminal.

Members agreed to continue the discussion at the next meeting.

4. Next meeting

The next Working Group meeting is scheduled for Thursday, September 27, 2012, at 10 a.m., in the Queen Kapiolani Room, 2d Floor, King Kalakaua Building, 335 Merchant Street.

5. Adjournment

The meeting was adjourned at 11 a.m.

Insurance Verification Working Group Outline of Discussion Topics

SCR Charges:

- Explore the creation of a web services-based database program to track uninsured motorist
- Establish a mechanism for funding the uninsured motorist database
- Recommend penalties or sanctions for uninsured motorist
- Explore alternative ways to reduce the number of uninsured motorists

Discussion on Recommendations:

1. Recommendation to build uninsured motorist database – timing/date
2. Who creates and administers the database: 3P vendor vs. in-house/DIT
3. Recommendation to build a web-based database
 - a. License plate-based inquiry
 - b. Data access
 - i. Access to insurer's database and ping the data
 - ii. Reporting standard – once a month, twice a month
 1. Full book reporting
 - c. Match full book against DMV data?
4. Uninsured motorist pool
 - a. Send out letters to uninsured to provide a chance to show proof of insurance
 - b. Revoke registration of non-responders
5. Financing: timing/start date
 - a. Registration fee or charge on insurance policies
 - b. Funded from fines
6. Alternatives
 - a. Increase fines
 - b. Mandatory fines
 - c. No refund unless proof of new insurance is shown

9/13/12