

**INSURANCE VERIFICATION WORKING GROUP
MINUTES OF SEPTEMBER 27, 2012 MEETING
KING KALAKAUA BUILDING, QUEEN LILUOKALANI ROOM**

Present: Calvin Ching, Judiciary-Deputy Chief Court Administrator; Lance Ching, Legislative Reference Bureau (LRB); Devin Choy, LRB; George Cooper, State Farm Insurance Cos.; Gordon Ito, Insurance Commissioner; Dennis Kamimura, City & County of Honolulu, Motor Vehicle Licensing Division Administrator; Christine Karamatsu, Ashford & Wriston; Michael Onofrietti, Hawaii Insurers Council; Mericia Palma Elmore, Watanabe Ing Komeiji; Debbie Stelmach, City & County of Honolulu, Department of Information Technology; Elmira Tsang, Department of the Attorney General; Linda Tom, Judiciary-Traffic Violations Bureau.

Conference Call Participants: 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 10:01 a.m., at which time quorum was established. Public notice for this meeting was timely filed with the Lieutenant Governor's office on September 19, 2012.

2. Approval of minutes of 9/13/2012 meeting

The minutes of the September 13, 2012 meeting were previously circulated to members for their review. Mr. Kamimura moved, seconded by Mr. Cooper, to approve the minutes. The motion passed unanimously.

3. Discussion of draft report to the Legislature

Discussion of the draft report to the Legislature continued.

Pertinent sections of Article 10C, HRS chapter 431, were circulated to Working Group members. (See Excerpts from Article 10C, HRS chapter 431 attached as Exhibit A-1.)

There was discussion regarding penalties in Hawaii Revised Statutes § 431:10C-117; in particular, the discretionary authority of judges to suspend fines where the person who is convicted of not having had motor vehicle insurance at the time the citation was issued and provides the court with proof of current coverage, pursuant to HRS § 431:10C-117(a)(2)(B).

Under current law, each violation is subject to a fine of \$100 to \$5,000, pursuant to HRS § 431:10C-117(a)(2)(A); the fine cannot be suspended except as provided in subparagraph (B).

Under HRS § 431:10C-117(a)(2)(B), a person who is convicted of not having had motor vehicle insurance policy in effect at the time of the citation is subject to a fine of \$500 for the first offense and a minimum of \$1,500 for each subsequent offense that occurs within a 5 year period; the judge has the discretionary authority to suspend all or any portion of the fine if the defendant provides proof of current motor vehicle insurance policy or at the defendant's request, to grant community service in lieu of the fine.

Ms. Tom indicated that outstanding, unpaid fines are sent to an outside collection agency.

There was much discussion about ways to amend this subsection. Mr. Cooper agreed to provide at the next meeting a draft amendment for this section.

Mr. Kamimura moved, seconded by Ms. Stelmach, to recommend building an insurance verification database. The motion passed, with Mr. Cooper in opposition. The suggested target date for the insurance verification system was July 1, 2014 or January 1, 2015.

There was discussion on whether it would be pre-funded and the length of time needed to build the data base. Implementation time would need to include time for the procurement process. Mr. Kamimura suggested an additional \$1 motor vehicle registration fee, fines for offenders, and insurer fees, all paid into a dedicated special fund. Mr. Onofrietti did not recommend a fee by insurers as this would be borne by insureds. Mr. Cooper indicated that the additional \$1 registration fee may be sufficient to establish the verification system.

With respect to a third-party vendor, Ms. Stelmach moved, seconded by Mr. Kamimura, for the use of a third-party vendor. The motion passed unanimously.

As to a letter campaign, members agreed to table the discussion for the next meeting.

Mr. Onofrietti suggested that forgery-resistant motor vehicle insurance cards may not be needed with an insurance verification system, as compliance with this requirement is costly to insurers. Mr. Kamimura noted that requiring safety inspection stations to check for motor vehicle insurance cards is not necessary with an insurance verification system.

Members agreed to continue the discussion at the next meeting.

4. Next meeting

The next Working Group meeting is scheduled for Tuesday, October 9, 2012, at 10 a.m., in the Queen Kapiolani Room, 2d Floor, King Kalakaua Building, 335 Merchant Street.

5. Adjournment

Mr. Kamimura moved, seconded by Mr. Cooper, to adjourn the meeting. The meeting was adjourned at 11:46 a.m.