

**INSURANCE VERIFICATION WORKING GROUP  
MINUTES OF OCTOBER 25, 2012 MEETING  
KING KALAKAUA BUILDING, KING KALAKAUA ROOM**

**Present:** Calvin Ching, Judiciary-Deputy Chief Court Administrator; Lance Ching, Legislative Reference Bureau (LRB); Gordon Ito, Insurance Commissioner; Kelli-Rose Hooser, Office of Senator Rosalyn Baker; Dennis Kamimura, City & County of Honolulu, Motor Vehicle Licensing Division Administrator; Pace Kaneshige, Hawaii Public Policy Advocates; Christine Karamatsu, Ashford & Wriston; Major Kurt Kendro, Honolulu Police Department-Traffic Division; Sean Nakama, LRB; Michael Onofrietti, Hawaii Insurers Council (HIC); Jeannine Souki, PCI; Debbie Stelmach, City & County of Honolulu, Department of Information Technology; Linda Tom, Judiciary-Traffic Violations Bureau; Elmira Tsang, Department of the Attorney General.

**Conference Call Participants:** Alex Hageli, Property and Casualty Insurers Association of America; 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 10:03 a.m., at which time quorum was established. Public notice for this meeting was timely filed with the Lieutenant Governor's office on October 17, 2012.

**2. Approval of minutes of 10/9/2012 meeting**

The minutes of the October 9, 2012 meeting were previously circulated to members for their review. Mr. Kamimura moved, seconded by Mr. Calvin Ching, to approve the minutes. There was no opposition.

**3. Discussion of Draft Report to the Legislature**

The draft report to the Legislature was previously circulated to members.

(p.3, ¶ 2) Ms. Stelmach suggested "via the internet" instead of "world wide web".

(p.3, last ¶) Ms. Stelmach clarified that the City's mainframe system does not capture and maintain data.

(p.3, ¶ 3) Mr. Onofrietti asked whether a distinction should be made between database and online program. It was recommended that "real-time" could be inserted before "online".

(p.4, ¶ 3) Ms. Stelmach suggested clarification on the existing systems having policy data on file.

(p. 5, ¶ 2) Mr. Onofrietti said it should specify that Utah's UM rate is provided by MV Verisol. He further stated that other sources had provided a different uninsured rate; i.e., the Insurance Research Council's uninsured motorists (UM) numbers were 9% for 2004, and 8% in 2009. Mr. Hageli suggested that these numbers be included in a footnote.

(p. 10, ¶ 2) Mr. Onofrietti asked for clarification as to whether the additional \$1 registration fee would cover the cost of the database. He suggested that the report reference it as the vendor's statement.

(p. 12) The issues of vendor selection and the entity that would administer the program were discussed. Since the purpose of the meeting was to present a draft report and with upcoming November 1 deadline, Working Group members agreed that these issues could be discussed at a later time. A possible topic for future discussion could be the creation of a semi-autonomous entity, similar to HHRF, that would be administratively attached to a State agency.

(p. 12, ¶ 3) There was discussion of the Working Group's scope of involvement in developing the RFP. Commissioner Ito said that for the HHRF and Hawaii Health Connector, stakeholders had input and the entity created defines the specifications, issues the RFP, and makes the vendor selection. Mr. Kamimura suggested the creation of an independent entity to administer the program. Rather, the Working Group's purpose should be to help start the program and provide the expertise, and not to define technical processes and specifications. The working group suggested an amendment to paragraph 3: "stakeholders...be established for the purpose of providing recommendations for the RFP and vendor selection."

#### Commercial and Fleet Vehicles:

Whether commercial and fleet vehicles should be excluded from the database was discussed. Mr. Onofrietti noted that the term "commercial vehicle" is not defined in the Hawaii Insurance Code; Messrs. Sektnan and Onofrietti suggested adding a statutory definition. Mr. Kamimura suggested excluding vehicles that are not required to have motor vehicle insurance cards (e.g., fleet vehicles). Mr. Ito suggested including in the report a discussion regarding commercial and fleet vehicles and recommending that commercial and fleet vehicles be excluded from the database since this is not part of the UM problem.

#### Implementation Date:

Ms. Stelmach asked about the implementation date. The earliest date would be January 1, 2015.

### Mandatory Fines:

(p. 12, #6) The Working Group clarified that the mandatory fines are imposed after finding, through the letter-writing campaign, that the driver was not in compliance. The working group also suggested the suspension of the motor vehicle registration for noncompliance. The law would need to be changed to allow the suspension. The suspended registration status would show up in the system.

### Judicial Discretion:

Presently, HRS § 431:10C-117(a)(2)(B)(i) allows judicial discretion in suspending fines if the defendant provides proof of having a current motor vehicle insurance policy, and at the defendant's request, to grant community service in lieu of the fine. The Working Group members believe this loophole needs to be closed to encourage compliance with the mandatory insurance requirement. Mr. Onofrietti moved, seconded by Mr. Kamimura, to recommend amending this section by providing the judge with discretionary authority to grant community service in lieu of a fine at defendant's request, and deleting the discretionary authority to suspend all or any portion of the fine. There was no opposition.

### Miscellaneous:

Ms. Tsang brought up the exemption from the motor vehicle insurance requirement for antique motor vehicles in HRS 431:10C-104. If they are not required to have insurance, they should be excluded from the database.

## **4. Next meeting**

The Insurance Division will provide a revised draft for the Working Group members to review prior to submitting it to the LRB. Another meeting would be held to finalize the report and to review the draft legislative proposal.

## **5. Adjournment**

Mr. Onofrietti moved, seconded by Mr. Kamimura, to adjourn the meeting. The meeting was adjourned at 11:30 a.m.