INSURANCE VERIFICATION WORKING GROUP
MINUTES OF AUGUST 7, 2012 MEETING
KING KALAKAUA BUILDING, QUEEN KAPIOLANI ROOM

Present: Charlotte Carter-Yamauchi, Legislative Reference Bureau (LRB); Calvin Ching, Judiciary-Deputy Chief Court Administrator; Lance Ching, 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; Maj. Kurt Kendro, Honolulu Police Department-Traffic Division; Michael Onofrietti, Hawaii Insurers Council; 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 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 10:31 a.m., at which time quorum was established. Public notice for this meeting was timely filed with the Lieutenant Governor's office on July 31, 2012.

Commissioner Ito reminded members that the Working Group follows the Sunshine Law. Discussions among members should occur in open hearing.

2.   Approval of minutes of 7/18/2012 meeting

The minutes of the 7/18/2012 meeting were previously circulated to members for their review. Mr. Kamimura moved, seconded by Ms. Stelmach, to approve the minutes. The motion passed unanimously.

3.   Statistics on uninsured motorist citations and convictions

Priority was requested to take Agenda Item #5 out of order. There were no objections.

Judiciary presented statewide data from the First, Second, Third, and Fifth Circuits on fees and fines collected, cited violations for no proof of insurance, and conviction rate for no proof of insurance for 2006 through 2012. (See Judiciary data attached as Exhibit A-1.) Statewide data includes citations issued by other jurisdictions, such as the Sheriff's Department.

The average fine/fee collected per cited violation was $110 and the average fine/fee collected per conviction was $279.   Fines are deposited into the general fund;

Judiciary agreed to provide further information regarding the disposition of administrative fees.

There was an issue raised regarding the states' uninsured motorists rates shown in the IRC and PCI handouts provided at the 7/18/2012 meeting. It was clarified that Hawaii's 11% uninsured motorists rate is based upon the number of uninsured motorists claims. Mr. Onofrietti opined that the downward trend in the number of driving uninsured violations may be due to lower motor vehicle insurance premiums.

There was discussion regarding whether there was sufficient revenue to finance an insurance verification system. It was suggested that the fine for driving while uninsured must be equal to the cost of insurance. Mr. Kamimura inquired as to whether Judiciary would be willing to establish a special fund for the deposit of an additional vehicle registration fee to support the creation of an insurance verification program. Mr. Ching agreed to take this issue to the Judiciary administration for their thoughts.

There was discussion about alternative means of enforcement such as placing a boot on a vehicle or towing or seizing an uninsured vehicle. Maj. Kendro did not favor towing or seizure of uninsured motor vehicles, due to the uncertain reliability of the insurance information, lack of towed vehicle storage lot, and the cost of towing, mileage, and storage charges imposed upon the vehicle owner.

4.   Required data elements for insurance verification system

Per the IICMVA presentation, the four required data elements for an insurance verification system are: NAIC number of insurer, policy number, VIN number, and confirmation date for evidence of insurance. Of these required data elements, the City's database only contains the VIN number.

5.   Process flowchart from representative of City & County of Honolulu

Ms. Stelmach presented a high level diagram and outline for a proposed insurance verification program, using a third-party as a repository for the DMV and insurance information for the state. A repository is needed as the City's system has no place to store insurance data.

(See Insurance Verification – Hawaii (2012 High Level Diagram Proposal) and City & County of Honolulu 2012 High Level Model Outline.doc attached as Exhibits B-1 and B-2, respectively.)

Mr. Kamimura noted that insurance verification systems in other jurisdictions include notification letters to uninsured vehicles. Funding mechanisms in other jurisdictions include additional motor vehicle registration fees, reinstatement fees, and fines.

6.   Possible discussion topics and presentations for future meetings

Mr. Ching and Ms. Tom agreed to provide information regarding administrative fines assessed for violations and convictions of driving with no proof of insurance violations and whether Judiciary would support the collection of fees and the establishment of a special fund to support an insurance verification system.

Maj. Kendro provided statistics on traffic citations issued by the Honolulu Police Department from 2003 to 2011. The number of HPD citations for driving uninsured has decreased from 30,799 (2003) to 14,177 (2011). (See Statistical Breakdown of Traffic Citations Issued attached as Exhibit C-1.) Maj. Kendro expressed an interest in ascertaining the number of cases where the "good-faith defense" was raised; i.e., where the driver of the vehicle (who borrowed the vehicle from the registered owner) believed in good faith that the vehicle owner complied with the mandatory motor vehicle insurance law. This may contribute to the number of cases dismissed by judges.

It was suggested that the Working Group hear from other states that have implemented web services database programs and from vendors, with the funding mechanism and cost of these programs of particular interest. Ms. Stelmach suggested a six- or twelve-month pilot program to determine whether the program would be feasible.

Mr. Onofrietti suggested that the Working Group discuss the liability issues.

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.   Next meeting

The next Working Group meeting is scheduled for Thursday, August 30, 2012, at 10:30 a.m., in the Queen Liliuokalani Room, 1st Floor, King Kalakaua Building, 335 Merchant Street. (Note: The time was subsequently changed and noticed for 10 a.m.)

9.   Adjournment

The meeting was adjourned at 11:42 am.

Cited Violations[1] for No Proof of Insurance

	First Circuit C&C Honolulu	Second Circuit Maui County	Third Circuit Hawaii County	Fifth Circuit Kauai County
2006	26,559	3,705	6,402	832
2007	28,270	3,736	5,980	1,051
2008	37,623	3,349	6,162	1,355
2009	23,895	3,225	5,450	1,142
2010	22,527	4,774	5,181	1,254
2011	18,643	2,964	2,331	985
2012	9,704	1,470	2,715	497
Totals	167,221	23,223	34,221	7,116
Grand Total				231,781

Conviction[2] Rate for No Proof of Insurance

	First Circuit C&C Honolulu	Second Circuit Maui County	Third Circuit Hawaii County	Fifth Circuit Kauai County
2006	19.0%	37.7%	43.3%	48.0%
2007	19.0%	42.5%	42.2%	50.8%
2008	14.5%	43.9%	44.3%	56.2%
2009	20.3%	39.7%	46.8%	55.9%
2010	17.3%	26.0%	47.2%	50.2%
2011	15.9%	35.4%	105.9%	44.4%
2012	15.4%	36.1%	49.0%	37.0%
Average	17.3%	37.3%	54.1%	48.9%
Overall Average				39.4%

Fees and Fines Collected

	First Circuit C&C Honolulu	Second Circuit Maui County	Third Circuit Hawaii County	Fifth Circuit Kauai County
2006	$2,479,379	$810,129	$1,080,491	$183,216
2007	$2,497,925	$965,266	$891,787	$290,180
2008	$2,479,251	$981,213	$853,644	$439,172
2009	$1,972,934	$569,642	$883,946	$294,703
2010	$1,555,126	$691,025	$729,391	$145,143
2011	$1,394,391	$603,604	$782,701	$125,608
2012	$711,258	$332,594	$513,617	$205,401
Totals	$13,090,266	$4,953,472	$5,735,577	$1,683,423
Grand Total				$25,462,737

Average Fine/Fee collected per cited violation: **$110**

Average Fine/Fee collected per conviction: **$279**

Notes

[1]Violations counted include HRS 431:10C, HRS 431:10C-104, HRS 431:10C-104(a), HRS 431:10C-104(a)-[PM], HRS 431:10C-104(b), HRS 431:10C-104(b)-[PM], HRS 431:10C-104-[PM], HRS 431:10C-107, HRS 431:10C-108, HRS 431:10C-108(1), HRS 431:10C-108(2).

[2]Conviction Dispositions: DJ-Default Judgment, GLP-Accpt Glty Plea Prior to Trial, GLTB-Guilty-Bench Verdict, JFS-Judgment for State, NCP-Accept Nolo Contendere Plea, DAG-Defer-Accept Guilty Plea, DNC-Defer-No Contest Plea.

EXHIBIT A-1

Insurance Verification - Hawaii
2012 High Level Diagram Proposal
Draft

Part 1

    Vehicle owner purchases insurance
    Vehicle cancels insurance
    Has vehicle registered at the DMV

    Insurance company sells/records policy
    Insurance company cancels/updates policy

Part 2

    Third party gathers data from DMV (periodically)
    Third party gathers data from Insurance industry (periodically)
    Becomes the repository for dmv and insurance information for the state

Part 3 - Insurance Inquiry is initiated by authorized party (dmv, police, courts)

    Third party uses information passed (vin plus other identifying data elements)
        - to try and find a potential match.
        - If a potential match is found
            query the insurance company database.
            Report confirmed/unconfirmed to inquirer
        - if no potential match is found
            Report unconfirmed to inquirer

    Inquirer
        If confirmed, continue with business process
        If unconfirmed,
            Law enforcement
                Issue ticket
                Processing goes into the court system

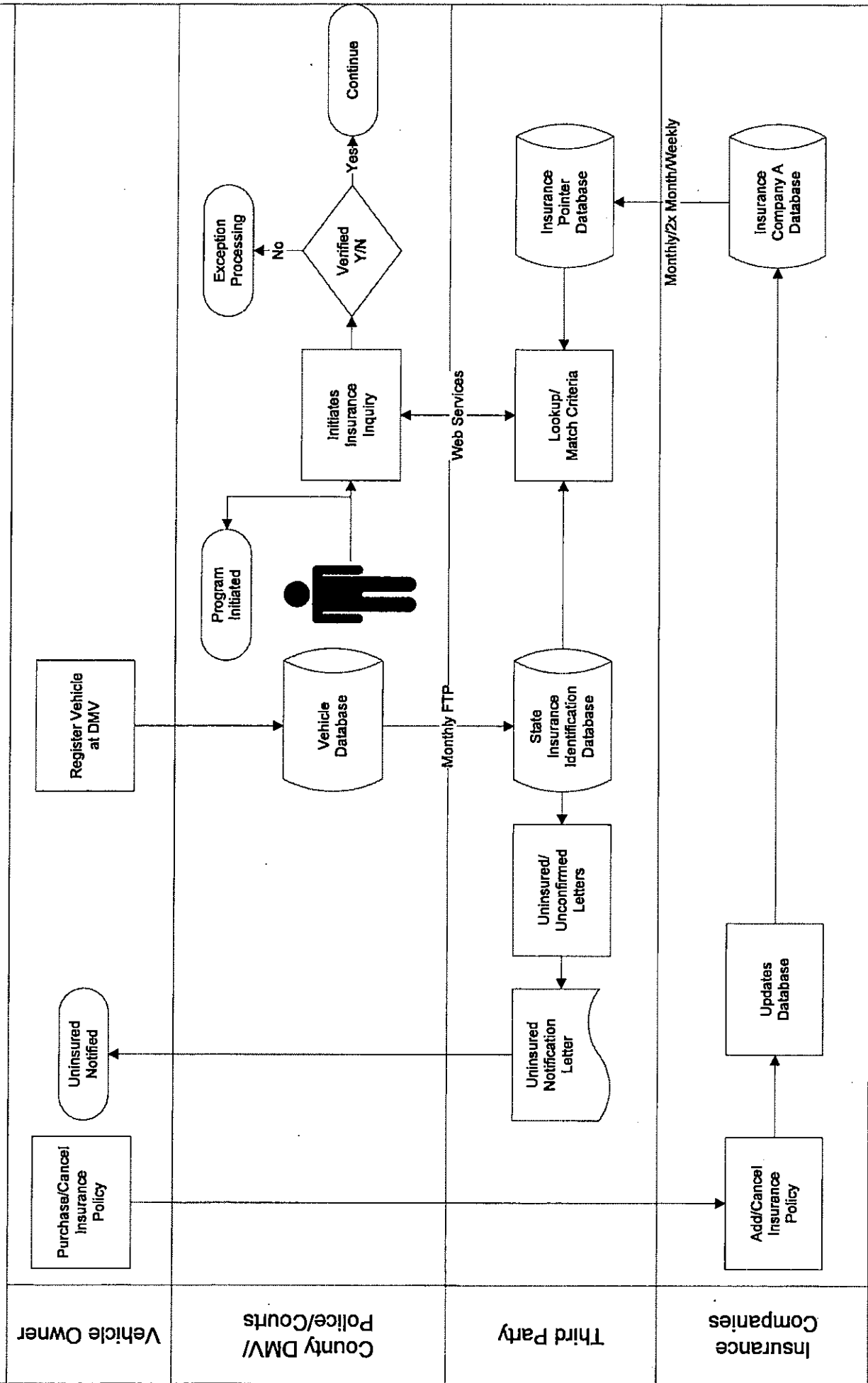   DMV
                DMV processing stops
                Exception processing, policies/rules need to be defined

Part 4 - Unconfirmed Driver Processing
    Law enforcement/court processing already in place
    DMV processing not in place

    Is there further processing such as notification letters, follow up?
    If so, who, how, how much?

EXHIBIT B-1

Insurance Verification – Hawaii (2012 High Level Diagram Proposal)

Vehicle Owner

- Register Vehicle at DMV
- Purchase/Cancel Insurance Policy
- Uninsured Notified

County DMV/ Police/Courts

- Program Initiated
- Initiates Insurance Inquiry
- Exception Processing
- Verified Y/N — No → Exception Processing; Yes → Continue
- Continue
- Vehicle Database

Web Services

Third Party

- Lookup/ Match Criteria
- Insurance Pointer Database
- State Insurance Identification Database
- Uninsured/ Unconfirmed Letters
- Uninsured Notification Letter

Monthly FTP

Monthly/2x Month/Weekly

Insurance Companies

- Insurance Company A Database
- Updates Database
- Add/Cancel Insurance Policy

Pros: Limited data entry for inquiries
No data collection required
Everyone shares in the burden

Cons: Requires funding, statute changes, new responsibilities, administrative polices

Matching Rules:
To be defined and agreed to
Need rules/process for:
Vehicle not found (first time registrations)

Exception Processing:
Police issue citations, process handled in court, driver is fined and/or suspended

Who is responsible for uninsured follow up, monitoring?

EXHIBIT B-2

STATISTICAL BREAKDOWN
OF
TRAFFIC CITATIONS ISSUED

	2003	2004	2005	2006	2007	2008	2009	2010	2011
OCCUPANT PROTECTION									
Seatbelt	7273	8810	10251	7104	6038	5693	5043	4788	6781
Child Restraint	516	513	490	524	526	507	548	586	520
Booster Seat					483	438	487	725	768
Pick Up Truck	25	32	20	12	20	24	27	66	47
TOTAL:	7,814	9,355	10761	7640	7067	6662	6105	6165	8116
PEDESTRIAN OFFENSES									
Pedestrian-Control Signals (291C-33)	254	108	511	553	1400	1152	1647	1520	1074
Ped. Obedience to traffic-control devices & regulations (291C-71)	36	23	34	39	142	74	144	99	55
X-ing at other than x-walk (291C-73)	858	259	1429	1260	5859	2744	2846	3029	2902
Pedestrians on roadways (291C-76)	146	98	144	100	172	99	152	157	164
Ped.'s right of way in x-walk (291C-72)					1735	971	816	1139	823
Drivers to exercise due care (291C-74)					46	75	177	225	236
Ped.'s right of way on x-walks (291C-79)					58	20	6	16	15
TOTAL:	1294	488	2118	1952	9412	5135	5788	6185	5269
HAZARDOUS MOVING									
Red Light	4646	4553	5280	4809	5744	4564	4624	4564	3662
Stop Sign	2761	2284	4437	4534	6061	5573	4954	2964	2391
Following Too Close	161	185	192	235	203	195	131	137	94
Unsafe Lane Change	1542	1743	2452	1950	2322	2246	1604	1760	1338
Reckless Driving	741	55	815	646	559	580	395	307	325
TOTAL:	9851	8820	13176	12174	14889	13158	11708	9732	7810
SPEEDING									
Basic Speed Rule	799	632	617	2095	3324	2408	2220	1684	1245
Speeding	34,632	30,795	30428	41940	40722	42511	40647	38486	37454
Excessive Speeding					3027	2850	2337	1981	1834
Racing on Highway	378	199	216	101	170	174	169	165	148
Exhibition/Acceleration of Speed	443	381	282	0	277	202	147	123	128
School/Work Zone	113	259	301	356	367	125	92	50	58
TOTAL:	36365	32266	31844	44492	47887	48270	45612	42489	40867
MISCELLANEOUS									
Disabled Parking Stall	4246	3327	2208	1077	3242	2494	2431	2190	1866
Registration	16204	12675	16837	22755	22649	16577	13184	16607	21837
Safety Check	21973	17565	23446	29516	28470	22319	17398	20892	25784
Insurance	30799	23417	26811	26622	27291	23331	18918	18054	14177
Mobile Electronic Devices							2979	10101	11635
HOV Lane	970	1288	599	330	1265	1065	566	1532	1389
TOTAL:	74192	58272	69901	80300	82917	65786	55476	69376	76688
CITATIONS									
Moving	95187	96013	104827	115833	134710	124753	115251	118865	109450
Miscellaneous	91878	57727	75145	86325	93761	72735	55314	64199	72473
Parking	58259	97274	120338	150044	150108	129096	108135	98111	98642
TOTAL:	245324	251014	300310	352202	378579	326584	278700	281175	280565

EXHIBIT C-1