

JAN 26 2009

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 431:10C-107, Hawaii Revised Statutes,
2 is amended to read as follows:

3 "**§431:10C-107 Verification of insurance; motor vehicles.**

4 (a) Every insurer shall issue to its insureds a motor vehicle
5 insurance identification card and decal for each motor vehicle
6 for which the basic motor vehicle insurance coverage is written.

7 (b) The identification card shall contain the following:

- 8 (1) Name of make and factory or serial number of the motor
9 vehicle; provided that insurers of five or more motor
10 vehicles which are under common registered ownership
11 and used in the regular course of business shall not
12 be required to indicate the name of make and the
13 factory or serial number of each motor vehicle;
- 14 (2) Policy number;
- 15 (3) Names of the insured and the insurer; and
- 16 (4) Effective dates of coverage including the expiration
17 date.



1 ~~[(b)]~~ (c) The identification card shall be in the insured
2 motor vehicle at all times and shall be exhibited to a law
3 enforcement officer upon demand.

4 ~~[(e)]~~ (d) The identification card shall be resistant to
5 forgery by whatever means appropriate. The commissioner shall
6 approve the construction, form, and design of the identification
7 card to ensure that the card is forgery resistant.

8 ~~[(d)]~~ (e) The commissioner shall issue a certificate of
9 self-insurance periodically, as necessary, for use in each motor
10 vehicle insured under section 431:10C-105.

11 ~~[(e)]~~ (f) The identification card issued by an insurer
12 shall not be issued for a period exceeding the period for which
13 premiums have been paid or earned; provided that this subsection
14 shall apply only to the first application of a person for a
15 motor vehicle insurance policy and shall not apply to
16 applications for commercial and fleet vehicles.

17 (g) The decal issued by an insurer shall be an opaque
18 white self-sticking decal, three inches by three inches square,
19 that shall have the following printed on it in black ink:

20 (1) The name of the insurer printed in type at least
21 one-half inch high; and



1 (2) Numerals representing the month and year that the
2 policy expires printed in type at least two inches
3 high.

4 (h) The decal shall be affixed to the rear of the car, not
5 more than six inches to the left of the left edge of the rear
6 license plate and shall remain in place until the policy that it
7 references has expired.

8 (i) The decal shall be resistant to forgery by whatever
9 means appropriate. The commissioner shall approve the
10 construction, form, and design of the decal to ensure that the
11 decal is forgery resistant.

12 (j) The commissioner shall issue a decal of self-insurance
13 periodically, as necessary, for use in each motor vehicle
14 insured under section 431:10C-105."

15 SECTION 2. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 3. This Act shall take effect on July 1, 2009.

18

INTRODUCED BY:

F. Keli Ghah

Anna Mercedes K.

B. S. T.

[Signature]

[Signature]

Michelle N. St. Laurent



Randy H. Park

Clarence W. Fishburne

Report Title:

Motor Vehicle Insurance

Description:

Requires all vehicles to display a decal affixed to the rear bumper as proof of insurance.





LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH
DIRECTOR
RONALD BOYER
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE
AND CONSUMER PROTECTION

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Wednesday, February 25, 2009
8:30 a.m.

**TESTIMONY ON SENATE BILL NO. 1104 – RELATING TO MOTOR VEHICLE
INSURANCE.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”).

The purpose of this bill is to amend Hawaii Revised Statutes § 431:10C-107 by
mandating that insurers issue decals to insured vehicles, in addition to motor vehicle
insurance identification cards.

While the Department appreciates the intent of the bill to help law enforcement
officials more easily identify vehicles that are properly insured, the Department cannot
support this bill as written. The Department’s concerns include the following.

1. Construction of the Sticker

This bill requires that the Commissioner approve the construction, form, and
design of the decal to ensure that it is forgery resistant. Several factors would come
into play in making this determination, including the ease of the decal’s application and
removal, the type of adhesive used, the quality of the materials used in its construction,

the decal's ability to withstand exposure to the elements, and whether it is unable to be easily copied. In addition to lacking standards upon which to make this determination, the Department does not have the necessary expertise and resources required to approve the decal's construction, form, and design.

2. Issuance of Stickers to Self-Insureds

Subsection (j) of this bill requires the Commissioner to issue decals for each motor vehicle that is self-insured. Presently, there are six government self-insured entities covering 11,952 motor vehicles, and ten private self-insured entities covering 23,414 motor vehicles. Under this bill, the Commissioner would be required to produce and issue 35,366 decals for these self-insured vehicles. The Department does not have any estimate of the cost to design, produce, inventory, index, and distribute at least these many stickers by the July 1, 2009 effective date. The bill does not contain an appropriation to the Department for this added cost.

3. Theft and Damage

Because it is affixed to the rear of the vehicle, the decal may be stolen and there may also be resulting incidental damage. Insureds would either pay to repair the damage or not fix the damage at all, as it may either not be covered (where the insured elected not to purchase comprehensive coverage) or fall below their comprehensive deductible. Insureds may also be hesitant to report minor damage to their insurers.

4. Content of Decal

As currently drafted, the bill does not require that the decal identify the insured vehicle. Thus, law enforcement officials would not know whether the decal belongs to a particular vehicle or is stolen, unless it did not match the motor vehicle insurance card produced by the driver.

We thank this Committee for the opportunity to present testimony on this matter.

Honorable Roysalyn Baker, Chair
Committee on Commerce and
Consumer Protection
Hawaii State Senate

Hearing: February 25, 2009

Re SB 1104 Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Ige and Honorable Committee Members:

My name is Michael Oh and I am the chairman of the legislative committee for Catrala-Hawaii. Catrala's membership consists of the major u-drive companies in Hawaii and the many businesses which support our industry.

Catrala supports this bill with an amendment that seeks to exempt u-drive vehicles for which insurance has been confirmed by the insurance commissioner. Please see attached proposes SD1. Suggested new language appears in capital letters.

Typically the 50,000 to 70,000 u-drive vehicles serving Hawaii's travelers each year are covered by self-insurance policies in accordance with Hawaii's laws. The insurance of such vehicles can be easily confirmed by the insurance commissioner. To our knowledge there has not been a problem with such vehicles not being appropriately insured.

Given the foregoing, there is no need to add extra requirements, fees and costs for u-drive companies who are already struggling to survive the ongoing economic crisis. One major u-drive company in Hawaii has filed for bankruptcy and others have taken drastic measures by laying off employees, reducing their fleet of vehicles and taking other measures to control costs.

To confirm whether a vehicle is owned by a u-drive company a police officer can simply verify matters by checking the ownership of the vehicle from its license plates.

Please do not add to the ongoing economic hardships of our industry. If you decide to pass this bill please do so with the amendments as suggested in the attached proposed SD1. Thank you.

Report Title:

Motor Vehicle Insurance

Description:

Requires all vehicles to display a decal affixed to the rear bumper as proof of insurance.

THE SENATE
TWENTY-FIFTH LEGISLATURE, 2009

S.B. NO. 1104
Proposed
SD1 by
Catrala*

STATE OF HAWAII

*Proposed SD1 by Catrala; new language in CAPS

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 431:10C-107, Hawaii Revised Statutes, is amended to read as follows:

"§431:10C-107 Verification of insurance; motor vehicles.

(a) Every insurer shall issue to its insureds a motor vehicle insurance identification card and decal for each motor vehicle for which the basic motor vehicle insurance coverage is written.

(b) The identification card shall contain the following:

(1) Name of make and factory or serial number of the motor vehicle; provided that insurers of five or more motor vehicles which are under common registered ownership and used in the regular course of business shall not

be required to indicate the name of make and the factory or serial number of each motor vehicle;

- (2) Policy number;
- (3) Names of the insured and the insurer; and
- (4) Effective dates of coverage including the expiration date.

~~[(b)]~~ (c) The identification card shall be in the insured motor vehicle at all times and shall be exhibited to a law enforcement officer upon demand.

~~[(e)]~~ (d) The identification card shall be resistant to forgery by whatever means appropriate. The commissioner shall approve the construction, form, and design of the identification card to ensure that the card is forgery resistant.

~~[(d)]~~ (e) The commissioner shall issue a certificate of self-insurance periodically, as necessary, for use in each motor vehicle insured under section 431:10C-105.

~~[(e)]~~ (f) The identification card issued by an insurer shall not be issued for a period exceeding the period for which premiums have been paid or earned; provided that this subsection shall apply only to the first application of a person for a motor vehicle insurance policy and shall not apply to applications for commercial and fleet vehicles.

(g) The decal issued by an insurer shall be an opaque white self-sticking decal, three inches by three inches square, that shall have the following printed on it in black ink:

(1) The name of the insurer printed in type at least one-half inch high; and

(2) Numerals representing the month and year that the policy expires printed in type at least two inches high.

(h) The decal shall be affixed to the rear of the car, not more than six inches to the left of the left edge of the rear license plate and shall remain in place until the policy that it references has expired.

(i) The decal shall be resistant to forgery by whatever means appropriate. The commissioner shall approve the construction, form, and design of the decal to ensure that the decal is forgery resistant.

(j) The commissioner shall issue a decal of self-insurance periodically, as necessary, for use in each motor vehicle insured under section 431:10C-105; PROVIDED AN OWNER OF U-DRIVE VEHICLES DEFINED AS A LESSOR IN CHAPTER 437D IS EXEMPTED FROM SUCH DECAL REQUIREMENTS AND ANY RELATED FEES AND CHARGES UNLESS THE COMMISSIONER DETERMINES AN OWNER HAS NOT PROPERLY INSURED ITS VEHICLES."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2009.

INTRODUCED BY: _____



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER
711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238 ■ Email: tdayton@geico.com
Direct: (808) 593-1875 ■ FAX (808) 593-1876 ■ Cell: (808) 341-9252

Senate Committee on Commerce and Consumer Protection
Conference Room 229 State Capitol
Wednesday, February 25, 2009, 8:30 a.m.
SB 1104 – Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Ige and Members of the Committee:

My name is Timothy Dayton, General Manager of GEICO in Hawaii. GEICO provides jobs for 170 associates at its Hawaii Branch office and is Hawaii's largest motor vehicle insurer. GEICO is supportive of effective efforts to ensure that all drivers on Hawaii's roads comply with the mandatory insurance requirement and agree with the intent of the Bill. However, we do not agree that this Bill will effectively reduce the number of uninsured motorists. It will add to the costs that insurers have without a corresponding benefit. **GEICO opposes House Bill 1104** and asks that the measure be held.

Currently, drivers who do not insure their vehicles are not prohibited from collecting benefits from the insurance of others if the negligence of the other person causes injury or damage. This is not equitable. GEICO would support legislation that would eliminate or at least limit the rights of any tort recovery for anyone who is driving without insurance.

GEICO respectfully asks the Committee to hold HB1104 and appreciates the opportunity to submit this testimony.

Timothy M. Dayton, CPCU



Pauahi Tower, Suite 2010
1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877
Facsimile (808) 525-5879

Alison Powers
Executive Director

TESTIMONY OF ALISON POWERS

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator David Y. Ige, Vice Chair

Wednesday, February 25, 2009

8:30 a.m.

SB 1104

Chair Baker, Vice Chair Ige and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 60% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** S.B. 1104. This bill adds costs to motor vehicle insurance policies, but doesn't appear to make enforcement of the compulsory insurance law any more effective. The necessity of returning stickers in order to get cancellation refunds will be a problem for consumers. The issue of theft and forgery of stickers will be even more difficult to control than motor vehicle insurance identification cards. Hawaii Insurers Council supports instead a no pay, no play system where those who choose to not purchase insurance do not get to collect noneconomic losses in a motor vehicle crash.

We respectfully request that S.B. 1104 be held.

Thank you for the opportunity to testify.

**SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

February 25, 2009

Senate Bill 1104 Relating to Motor Vehicle Insurance

Chair Baker and members of the Senate Committee on Commerce and Consumer Protection, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders.

State Farm opposes SB 1104 Relating to Motor Vehicle Insurance for the following reasons:

I. Expense

The implementation of a motor vehicle insurance identification decal will add additional expense to the issuance and renewal of policies. Such expense will inevitably be passed on to the consumer. There is additional expense of implementation, additional paper, specially designed decal forms, and maintenance.

II. Administrative Red Tape

Creates an additional burden and unnecessary step for the consumer and insurer to ensure the decal is constantly updated in addition to the motor vehicle insurance identification card. The insured must either remove the old decal from the vehicle or place a new one on top of the old decal with every policy term. The decal creates unneeded redundancy given the existence of the motor vehicle insurance identification card. The insurance card produces the necessary documentation and is the method used in most, if not all, states.

III. Potential Privacy Concerns

There are privacy concerns relating to the requirement that the insurer's name be publicly displayed on the outside of the vehicle. From an insurer standpoint, the decal could be considered a form of advertising although the decal would not meet brand recognition standards for each individual company. Some clients may choose to advertise the insurer they chose while others will prefer a sense of purchaser privacy regarding their financial products. With the enactment of this bill, this choice is taken away from the client.

IV. Decals will not supplant cards.

The motor vehicle insurance identification card adequately serves the purpose of providing proof of insurance as it does in many states. The only advantage to the decal will be to allow police officers an easy way to identify an uninsured vehicle. An unintended consequence will be the theft of such decals, and consequent damage to those vehicles; the possible proliferation of fraud cases against insureds because it is clear that the cars are now insured; and

that technology allows persons to print fraudulent decals. Insurance cards have anti-fraud protections and are difficult to duplicate.

Thank you for the opportunity to present this testimony.



3103 N. Nimitz Highway, Ste A

Honolulu, HI 96819

Honorable Roysalyn Baker, Chair
Committee on Commerce and Consumer Protection
Hawaii State Senate

Hearing: February 25, 2009

Re SB 1104 Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Ige and Honorable Committee Members:

My name is Chris Sbarbaro and I am the V.P. of Operation with National Rent A Car.

Our company supports Catrala-Hawaii's position of the bill with proposed amendment.

There is no problem with u-drive vehicles being uninsured and thus we respectfully ask that you agree to Catrala's proposed amendment to this bill. Unless the insurance commissioner finds that a u-drive company does not have an adequate self-insurance policy covering its fleet of vehicles a decal for such vehicles should not be required.

Without this amendment, extra fees and costs and time will be required of our company to follow the decal requirements. Our company is already having a difficult time during these dire economic times like all tourist related businesses. Please do not unnecessarily add to our burdens.

We have thousands of vehicles and thus this bill will place further financial burdens on our company which we do not believe is necessary.

Please do not add to the ongoing economic hardships of our company. If you decide to pass this bill please do so with the amendments as suggested by Catrala. Thank you.

A handwritten signature in black ink, appearing to read "Chris Sbarbaro".

Chris Sbarbaro
V.P. of Operation



544 Ohohia Street
Honolulu, HI 96819
808-838-0130
www.enterprise.com

Honorable Roysalyn Baker, Chair
Committee on Commerce and Consumer Protection
Hawaii State Senate

Hearing: February 25, 2009

Re SB 1104 Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Ige and Honorable Committee Members:

My name is Paul Kopel and I am the V.P./General Manager with Enterprise Rent A Car.

Our company supports Catrala-Hawaii's position of the bill with proposed amendment.

There is no problem with u-drive vehicles being uninsured and thus we respectfully ask that you agree to Catrala's proposed amendment to this bill. Unless the insurance commissioner finds that a u-drive company does not have an adequate self-insurance policy covering its fleet of vehicles a decal for such vehicles should not be required.

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Please do not add to the ongoing economic hardships of our company. If you decide to pass this bill please do so with the amendments as suggested by Catrala. Thank you.

A handwritten signature in black ink, appearing to read "Paul Kopel", written over a faint circular stamp.

Paul Kopel
V.P./General Manager



Fueled By Passion



3103 North Nimitz Highway
Honolulu, HI 96815

Honorable Roysalyn Baker, Chair
Committee on Commerce and Consumer Protection
Hawaii State Senate

Hearing: February 25, 2009

Re SB 1104 Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Ige and Honorable Committee Members:

My name is Dave Wilson and I am the Regional Fleet Manager with Alamo Rent A Car.

Our company supports Catrala-Hawaii's position of the bill with proposed amendment.

There is no problem with u-drive vehicles being uninsured and thus we respectfully ask that you agree to Catrala's proposed amendment to this bill. Unless the insurance commissioner finds that a u-drive company does not have an adequate self-insurance policy covering its fleet of vehicles a decal for such vehicles should not be required.

Without this amendment, extra fees and costs and time will be required of our company to follow the decal requirements. Our company is already having a difficult time during these dire economic times like all tourist related businesses. Please do not unnecessarily add to our burdens.

We have thousands of vehicles and thus this bill will place further financial burdens on our company which we do not believe is necessary.

Please do not add to the ongoing economic hardships of our company. If you decide to pass this bill please do so with the amendments as suggested by Catrala. Thank you.

A handwritten signature in black ink, appearing to be "D. Wilson", with a horizontal line extending to the right.

Dave Wilson
Regional Fleet Manager

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 21, 2009 3:01 PM
To: CPN Testimony
Cc: refrey2001@yahoo.com
Subject: Testimony for SB1104 on 2/25/2009 8:30:00 AM

Testimony for CPN 2/25/2009 8:30:00 AM SB1104

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: Richard Frey
Organization: Individual
Address:
Phone:
E-mail: refrey2001@yahoo.com
Submitted on: 2/21/2009

Comments:

I oppose this bill. It will add yet another cost to insurance. It is unenforceable because any sticker can easily be counterfeited by someone determined to avoid insurance requirements. There is no requirement to remove the sticker if the policy is canceled.