

SB2685 SD1

Measure Title:	RELATING TO MOTOR VEHICLE INSURANCE.
Report Title:	Motor Vehicle Insurance; Electronic Proof of Insurance; Mobile Electronic Device
Description:	Allows proof of motor vehicle insurance to be displayed in authenticated electronic format on a mobile electronic device. (SD1)
Companion:	HB1705
Package:	None
Current Referral:	TRE, CPH
Introducer(s):	BAKER, CHUN OAKLAND, ENGLISH, ESPERO, GABBARD, IHARA, INOUE, KEITH-AGARAN, KIDANI, RIVIERE, RUDERMAN, Taniguchi



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TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Friday, February 26, 2016
10:30 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 2685, S.D. 1 – RELATING TO MOTOR VEHICLE INSURANCE.

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

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department supports the intent of allowing the use of motor vehicle insurance identification ("MVI") cards in electronic formats and submits the following comments.

In 1998, the Legislature amended § 431:10C-107, Hawaii Revised Statutes, to require that MVI cards that are issued in Hawai'i be forgery resistant. This was done to combat the growing cottage industry of homemade MVI cards and reduce the number of uninsured motorists on the road. In implementing this statute's requirements, insurers and producer agencies submit proposed card stocks to the Commissioner for approval. Once approved, samples of the respective card stocks are sent to county enforcement and motor vehicle registration agencies so that they may be used as reference points.

While we have no figures of the effectiveness of the use of these forgery resistant cards, a check with the Insurance Division investigators shows that no complaints regarding fake cards have been received by the Division for many years. This is a far cry from the period before the passage of this requirement where complaints were received weekly about fake MVI insurance cards being used at safety check stations, motor vehicle registration counters, and at traffic accidents.

Some of the benefits of the use of electronic MVI cards are their ease of use, immediate issuance, and portability. That being said, a problem that currently exists with MVI cards will exist with electronic MVI cards. Electronic MVI cards may not reflect cancellations during the middle of policies' periods. Once issued, in either case, the driver may cancel the policy and keep the card to produce when required.

Also, with electronic MVI cards, there is no reference check available for government agencies to determine whether the proffered electronic cards are legitimate.

The previous Senate committee sought to address this problem by requiring that electronic MVI cards be "authenticated." (See page 5, lines 11, 12, and 14, and page 6, lines 5 and 7.) However, at this time, we are unsure as to what "authenticated" means or how it is to be accomplished.

A possible solution in resolving these issues would be the establishment of an MVI electronic database which would show updated information of existing MVI coverages.

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



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

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COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Senator Rosalyn H. Baker, Chair

Senator Michelle N. Kidani, Vice Chair

Friday February 26, 2016, 10:30 a.m. Room 229

SB 2685, SD1 Relating to Motor Vehicle Insurance

Chair Baker, Vice Chair Kidani and Members of the Committee. My name is Tim Dayton and I am General Manager for GEICO, Hawaii's largest insurer of motor vehicles. **GEICO strongly supports Bill SB 2685.** GEICO insures approximately 234,000 Hawaii vehicles. Sending out hard copy ID cards for each new policy and each 6 month renewal is nearly a half million/year. But that is far from what the total is. GEICO is inundated with requests for replacement cards for things such as the customer needs a card ASAP for an expired safety check, dealer loaner car or access to a military base. Sometimes this is to replace a misplaced card and sometimes it is for a newly insured vehicle. Either way, it would be a great customer service to have the capability for each customer to access their own policy @ geico.com. The policyholder could pull up an electronic card to meet their needs rather than drive to our office or wait for the mail delivery. The fraud potential for GEICO ID cards will be close to zero. Hawaii is one of a very small number of states that have ID card requirements that do not allow for electronic cards.

We urge the Committee to move this proposal and very much appreciate the opportunity to submit this testimony.

A handwritten signature in black ink, reading "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton, CPCU

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice Chair

Friday, February 26, 2016
10:30 a.m.

SB 2685, SD1

Chair Baker, Vice Chair Kidani, and members of the Committee on Commerce, Consumer Protection, and Health, my name is Michael Onofrietti, Chairman of the Board of the 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 thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** the intent of the bill which is to allow electronic motor vehicle insurance cards in addition to paper cards as proof of insurance. We, however, have concerns about the undefined term, "authenticated" and ask that this committee strike the word.

Thank you for the opportunity to testify.

**SENATE COMMITTEE
ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

February 25, 2016

Senate Bill 2685, SD1 Relating to Motor Vehicle Insurance

Chair Baker, Vice-Chair Kidani, members of the Senate Committee on Commerce, Consumer Protection, and Health, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm).

State Farm offers the following comments about Senate Bill 2685, SD1 Relating to Motor Vehicle Insurance. State Farm supports this measure.

Since 2012, state legislators and regulators have rapidly updated laws to recognize the increasing prevalence of technology by allowing insurers to provide policyholders with electronic proof of insurance cards. In 2011, no states allowed for electronic proof of insurance. By the end of 2012, there were seven states, and as of the first quarter of 2015, 39 states allowed for electronic proof of insurance.

More and more of our customers use their mobile devices to keep track of and maintain important information, and State Farm believes that electronic proof of insurance cards provide a real service to our policyholders, who like the convenience of using them. We believe that this law will also save law enforcement and court personnel time and money because they will no longer need to process tickets written to drivers who had coverage but lost their ID card or neglected to keep it in the car.

This bill also states that

The owner of the vehicle may display the authenticated motor vehicle insurance identification card or the proof of insurance card in electronic format on a mobile electronic device, as defined in section **291C-137**.

Although State Farm understands the concerns expressed by Commissioner Ito, we have not found “authentication” to be an issue in other states. We are also unaware of any other states where there is a requirement that the insurance identification card, whether paper or electronic, be “authenticated.” The requirement for authentication and definition of authentication should be articulated in the measure.

Thank you for the opportunity to present this testimony.

AMENDED
Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
USAA

DATE: February 24, 2016

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce, Consumer Protection, and Health
Submitted Via CPHtestimony@capitol.hawaii.gov

RE: **S.B. 2685, S.D.1– Relating to Motor Vehicle Insurance**
Hearing Date: Friday, February 26, 2016, at 10:30 a.m.
Conference Room: 229

Dear Chair Baker and members of the Committee on Commerce, Consumer Protection and Health:

We submit this testimony on behalf of USAA, a diversified financial services company. USAA is the leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families. USAA has over 82,000 members in Hawaii, the vast majority of which are military-based members.

USAA **supports the intent** of S.B. 2685 S.D.1, which allows proof of motor vehicle insurance to be displayed in an authenticated electronic format on a mobile device. The bill would also allow for the continued use of paper cards, but offers the option of authenticated electronic cards to be used as proof of insurance in situations where paper cards are currently used.

USAA is very technology oriented as a company, and almost 60 percent of its insurance transactions are currently conducted by its members via the internet. USAA has also been a leader in using technology to make its military members' lives easier. Because USAA's membership base is generally very mobile, it is important to USAA to be able to use the benefits of technology to continually improve its customer service.

We support the intent of this measure because it will allow those who opt to use it to pull up insurance information on mobile devices, and use an electronic card as proof of insurance in lieu of a paper card. A majority of states across the country have already changed their laws to allow for the use of electronic insurance cards, and this bill would

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allow Hawaii to do the same.

For the above reasons, we respectfully ask that the Committee keep the bill moving for further discussion. Thank you very much for the opportunity to testify in support of his measure.

From: mailinglist@capitol.hawaii.gov
To: [CPH Testimony](#)
Cc: victor.amos@mpd.net
Subject: *Submitted testimony for SB2685 on Feb 26, 2016 10:30AM*
Date: Wednesday, February 24, 2016 4:18:55 PM

SB2685

Submitted on: 2/24/2016

Testimony for CPH on Feb 26, 2016 10:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [CPH Testimony](#)
Cc: rrosa@kauai.gov
Subject: Submitted testimony for SB2685 on Feb 26, 2016 10:30AM
Date: Tuesday, February 23, 2016 10:00:45 AM

SB2685

Submitted on: 2/23/2016

Testimony for CPH on Feb 26, 2016 10:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Rosa	Individual	Oppose	No

Comments: In this day and age, too many ways to manipulate electronically. Will be troublesome to validate as original

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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