

JAN 22 2007

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

1 SECTION 1. The legislature finds that that there are a
2 large number of vehicles on Hawaii's roads, perhaps twenty per
3 cent or even higher, that are not insured, despite the
4 requirement that motor vehicles and trailers have appropriate
5 vehicle liability insurance at all times. While proof of
6 insurance is required when renewing a safety check on a motor
7 vehicle, too often the registered owner buys insurance only for
8 the purpose of obtaining the required insurance card and then
9 cancels the insurance, but continues to drive the vehicle. Of
10 course, there also is the problem of drivers forging insurance
11 cards, something that is not difficult to do with today's
12 computers.

13 The legislature further finds that uninsured drivers place
14 a heavy burden on the bulk of the registered owners in Hawaii
15 who, when involved in an accident where an uninsured motorist is
16 at fault, find themselves unable to obtain appropriate
17 compensation from the uninsured motorist. If the injured party



1 has acquired uninsured motorist coverage at additional cost,
2 that party must seek compensation from that party's own
3 insurance company. The plight of injured pedestrians and
4 cyclists is even worse because they may not even own a motor
5 vehicle and thus do not have any insurance to cover these
6 incidents.

7 The purpose of this Act is to make it substantially more
8 difficult for the owner of a registered vehicle to operate that
9 vehicle without insurance.

10 SECTION 2. Chapter 286, Hawaii Revised Statutes, is
11 amended by adding two new sections to be appropriately
12 designated and to read as follows:

13 **"§286-A Revocation of registration upon cancellation of**
14 **insurance; notice.** (a) Upon cancellation of a motor vehicle
15 insurance policy or bond issued in compliance with chapters 287
16 and 431, the motor vehicle insurer or bond holder, within
17 twenty-four hours, shall notify by certified mail the director
18 of finance of the county in which the registration was issued
19 that the policy or bond was canceled and shall further verify
20 receipt by the director of finance of the notice of cancellation
21 in the manner prescribed by the director of finance. If the
22 notice and verification is not provided, the insurance or bond



1 shall remain in effect and the insurer or bond holder shall
2 remain liable under the terms of the policy or bond issued.

3 When the director of finance receives notice of
4 cancellation for any vehicle, the director of finance shall
5 revoke the registration of the vehicle on the effective date of
6 the cancellation specified in the notice unless, not later than
7 two days prior to the effective date, the director of finance
8 has received a new certificate of insurance covering the same
9 motor vehicle, or unless the revocation has been stayed by an order
10 of a court or administrative agency, pursuant to the applicable
11 provisions of chapters 287 and 431, which order has been duly
12 served upon the director of finance.

13 Upon revocation, the director of finance shall promptly notify
14 the registered owner of the vehicle that the registration has been
15 cancelled, that the vehicle's license plates and certificate of
16 registration shall be surrendered to the director of finance
17 immediately, and that further operation of the vehicle is
18 prohibited. The director of finance shall also ensure that the
19 notice of cancellation is provided to all law enforcement agencies
20 charged with traffic enforcement in the form necessary for
21 inclusion in their systems of record.



1 Upon receipt of notice from the director of finance, the
2 registered owner shall surrender the license plates and the
3 certificate of registration for the vehicle to the director of
4 finance within seven days of the mailing date of the notice.

5 (b) The director of finance, upon receipt of a notice of
6 the cessation of the authority of an insurance or surety company
7 to issue or execute motor vehicle liability policies or bonds in
8 the State and upon the written request of the commissioner of
9 insurance, shall send written notice to every owner of a motor
10 vehicle covered by a motor vehicle liability policy or bond
11 issued or executed by the company, that the registration thereof
12 will be revoked unless, within ten days after the date of
13 mailing of the notice, the registered owner files with the
14 director of finance a new certificate of insurance; provided
15 that, if the authority of the company to issue or execute motor
16 vehicle liability policies or bonds in the State ceases by
17 reason of its merger or consolidation with another company so
18 authorized, and it is proved to the satisfaction of the
19 commissioner of insurance that the new or continuing company has
20 assumed all the obligations and liabilities of the company under
21 any and all policies and bonds issued by it, the director of
22 finance shall not be required to give notice with respect to



1 policies or bonds issued prior to the effective date of the
2 merger or consolidation.

3 (c) Upon the failure of the owner of a motor vehicle to
4 file a new certificate issued by an authorized insurer or to
5 obtain a bond and to file notice of the bond as required by this
6 section, the director of finance shall immediately revoke the
7 registration of the vehicle; provided that if a new certificate
8 is filed prior to the effective date of the cancellation of the
9 existing policy or bond, the director of finance, in the
10 director of finance's discretion, may rescind the revocation.

11 (d) The director of finance upon receipt of an attested
12 copy of a finding and order of an appropriate court or
13 administrative agency ordering the reinstatement of a motor
14 vehicle liability policy or bond, shall promptly rescind the
15 revocation of the registration of the motor vehicle covered by
16 the policy or bond. This section shall not preclude the
17 director of finance from issuing the reinstatement on the
18 director of finance's own authority as provided by law.

19 (e) Any notice required by this section to be given by the
20 director of finance shall be deemed sufficient if mailed by the
21 director of finance, or the director of finance's authorized
22 representative, postage prepaid, to the address on the



1 application for registration, and an affidavit of the director
2 of finance or authorized representative that the notice has been
3 so mailed shall be prima facie evidence of mailing.

4 **§286-B Notice to law enforcement officials; seizure of**
5 **registration plates; suspension of registered owner's driver's**
6 **license.** (a) The director of finance, after receipt of a
7 notice issued pursuant to section 286-A by a motor vehicle
8 insurer or bond holder and upon the effective date of revocation
9 pursuant to that section, shall notify the police department of
10 the county in which the motor vehicle is registered of the
11 failure to provide and maintain an insurance policy or bond and
12 of the cancellation of the vehicle registration. The notice
13 shall include the name and address of the registered owner of
14 the motor vehicle.

15 (b) If the registered owner of the vehicle, or the
16 registered owner's agent, has not surrendered the license plates
17 and certificate of registration of the vehicle within seven days
18 as required by section 286-A(a), the police department in the
19 county in which the motor vehicle is registered, upon receipt of
20 notice from the director of finance, shall seize the certificate
21 of registration and license plates of the vehicle and return
22 them forthwith to the director of finance, unless the registered



1 owner presents to the director of finance a notice of
2 reinstatement from the insurer or evidence of a new motor
3 vehicle insurance policy dated at least two days prior to the
4 effective date of revocation, and the director has issued a
5 withdrawal of the revocation of registration.

6 (c) If the registered owner has not surrendered the
7 license plates and certificate of registration within thirty
8 days of the date of issuance by the director of finance of the
9 notice of cancellation of registration, the director of finance
10 shall immediately suspend the registered owner's driver's
11 license and the license shall not be reinstated unless and until
12 the vehicle's license plates and certificate of registration are
13 surrendered as required by section 286-A(a) or unless a
14 certificate of insurance or bond issued in compliance with
15 chapters 287 and 431 has been provided to the director of
16 finance by an authorized insurer or bond holder.

17 If the registered owner files an affidavit with the
18 director of finance showing that the license plates and
19 certificate of registration have either been stolen or destroyed
20 in an accident and has filed a police report or equivalent
21 document supporting that assertion, the director shall either
22 not suspend the driver's license or shall reinstate the license



1 if already suspended. The director of finance, in the director
2 of finance's discretion, may also decline to suspend the
3 driver's license if other significant and appropriate mitigating
4 factors are present.

5 (d) The director of finance, not later than six months
6 after the effective date of this Act, shall adopt rules pursuant
7 to chapter 91, necessary to enforce the provisions of this
8 section and section 286-A and to take effect at that time. No
9 state or county official shall delay the implementation of these
10 provisions or rules necessary for their implementation."

11 SECTION 3. Section 286-41, Hawaii Revised Statutes, is
12 amended by amending subsection (e) to read as follows:

13 "(e) [~~Notwithstanding any other law to the contrary, the~~]
14 The director of finance of the county in which the application
15 for registration is sought shall [not] require proof of
16 insurance as a condition to satisfy the requirements of this
17 part. [~~This subsection shall apply only to the initial~~
18 registration of any motor vehicle.]

19 No motor vehicle or trailer shall be registered in the State
20 unless the application required by this section is accompanied by a
21 certificate of insurance from an automobile insurance company
22 licensed to do business in the State that demonstrates that the



1 vehicle is insured in compliance with chapters 287 and 431. The
2 certificate of insurance shall be maintained with the record of
3 registration of the vehicle. The director of finance may waive the
4 requirement of a certificate of insurance if the director is
5 otherwise satisfied that the provisions of compulsory motor vehicle
6 liability insurance have been met for the vehicle.

7 The director of finance shall issue a certificate of
8 registration upon the filing of a bond, satisfactory to the
9 department in form and amount, covering all motor vehicles and
10 trailers of the obligor for which application for registration may
11 be made, containing the condition of a motor vehicle liability
12 bond, as defined in chapters 287 and 431 of the Hawaii Revised
13 Statutes.

14 A certificate of registration shall be issued by the
15 director of finance upon presentation to it of satisfactory
16 evidence of adequate personal injury liability insurance
17 providing indemnity or protection equal to motor vehicle
18 liability policies, as required by chapters 287 and 431.

19 The director of finance, pursuant to section 286-B shall
20 revoke without a hearing any certificate of registration if the
21 director is satisfied that the certificate of insurance required



1 by section 286-A has not been maintained for a period at least
2 coterminous with that of the registration.

3 Vehicles owned by the State, the counties, and the federal
4 government shall not be subject to the requirements of this
5 subsection."

6 SECTION 4. This Act does not affect rights and duties that
7 matured, penalties that were incurred, and proceedings that were
8 begun, before its effective date.

9 SECTION 5. In codifying the new sections added by section
10 2 of this Act, the revisor of statutes shall substitute
11 appropriate section numbers for the letters used in designating
12 the new sections in this Act.

13 SECTION 6. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on January 1, 2008.

16

INTRODUCED BY: *[Signature]*
Clerence W. Washburn



Report Title:

Motor Vehicles; Registration; Insurance

Description:

Requires proof of insurance to register a vehicle. Requires notice to the director of finance if the insurance is canceled. Requires surrender of license plates and certificate of registration upon cancellation of insurance. Requires suspension of the registered owner's driver's license if the license plates and certificate of registration are not surrendered after notice.

