



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance

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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. No. 6484 – AN ACT ESTABLISHING AN AUTOMATED VEHICLE INSURANCE IDENTIFICATION AND ENFORCEMENT SYSTEM

COMMITTEE ON PUBLIC SAFETY AND SECURITY

March 3, 2011

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6484 which would establish and automated vehicle insurance identification and enforcement system. PCI is a national property casualty trade association comprised of over 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI member companies write approximately 50 percent of the private passenger automobile insurance sold in Connecticut.

PCI opposes this legislation and other similar legislation establishing insurance coverage verification systems for several reasons. First and foremost, they simply don't work. Experience in other states shows that these types of programs, started with the best of intentions, have a negligible impact on the uninsured rate. In addition to simply not working, the costs associated with reporting coverage data to these programs inevitably are passed on to insured drivers in the form of higher premiums or fees or both. The state of Missouri, for example, scrapped its Motorist Insurance Identification Database when it reached an annual cost of \$3.7 million. Not once during the program's years of operation did the uninsured motorist rate go below the national average.

Although HB 6484 does not specify what type of system will be used, bill language does grant the Commissioner of Public Safety the authority to require insurers to "transmit an electronic copy of its database of motor vehicles" to the state. Should the commissioner utilize this authority, the state would need to create a database to store such information. There is no reason to believe, however, this database would prove any more effective than other database programs in reducing the uninsured motorist rate. Database systems are necessarily handicapped by the fact that the information contained in a database is only as current as the last upload. This coupled with the inevitable mismatches between insurance coverage information and state vehicle registration data lead to a very large number of insured drivers receiving tickets for not having insurance. The consumer outrage resulting from receiving unwarranted tickets for driving without insurance should not be underestimated.

While we oppose insurance coverage verification systems in general, we do understand and recognize there is a strong interest on the part of legislators to do something to reduce the number of uninsured drivers. We encourage you to consider adopting measures that specifically target uninsured motorists rather than attempt to track insurance coverage for all drivers all the time. A

good example of this would be Indiana's Previously Uninsured Motorist Registry, a database of motorists convicted of driving without insurance who are subject to random verification checks for three years following the conviction. Beyond that, we would encourage you to consider adopting an on-line insurance verification system similar to what is currently in operation in Oklahoma and Wyoming. Also known as web services, on-line verification involves the verification of coverage information directly with the insurers, bypassing the need for the state to maintain a database. We would be happy to provide you with more information about this system should you be interested.

For the foregoing reasons, PCI urges your Committee to not favorably advance H.B. 6484.