

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:35 a.m. on February 9, 2010, in Room 152-S of the Capitol.

All members were present except:

Senator Anthony Hensley- excused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Jill Shelley, Kansas Legislative Research Department  
Cindy Shepard, Committee Assistant

Conferees appearing before the Committee:

Pete Bodyk, Manager Traffic Safety, Kansas Department of Transportation  
Dr. Jason Eberhart-Phillips, State Health Officer & Director of Division of Health, Kansas  
Department of Health & Environment  
Major Mark Bruce, Kansas Highway Patrol  
Ed Klumpp, Legislative Liaison, Kansas Association of Chiefs of Police, Kansas Sheriffs  
Association, and Kansas Peace Officers Association  
Darlene Whitlock, RN, MSN, EMT, Kansas State Nurses Association and Kansas Emergency  
Nurses Association  
Loren McGlade, Chairman, Insurance Industry Committee on Motor Vehicle Administration

Others attending:

See attached list.

The Chairman opened the hearing on **SB 483 - Primary seat belt law**. Bruce Kinzie, staff revisor, reviewed the bill.

Pete Bodyk, Manager Traffic Safety, Kansas Department of Transportation, provided testimony in support of **SB 483**. He stated that currently Kansas seat belt usage rate is 77 percent, which is considerably lower than the 87 percent average rate of states with primary seat belt laws. Two-thirds of the traffic fatalities in Kansas involve people who are not wearing a seat belt. With this law in place, it is projected that 25 lives would be saved and there would be 262 fewer people with serious injuries each year in Kansas. Passage of **SB 483** would make Kansas eligible to receive an additional \$11.2 million under the current federal transportation program SAFETEA-LU (Attachment 1).

Dr. Jason Eberhart-Phillips, State Health Officer & Director of Division of Health, Kansas Department of Health & Environment, appeared as a proponent of the bill. He indicated passage of **SB 483** would result in substantial progress toward meeting Healthy People 2010 goals to increase safety belt usage and to reduce death rates due to motor vehicle crashes. This legislation will cover all occupants in the vehicle, not just the front seat, and will increase the fine from \$30 to \$60 (Attachment 2).

Major Mark Bruce, testified on behalf of Colonel Terry L. Maple and the Kansas Highway Patrol regarding **SB 483**. He stated that the Kansas Highway Patrol supports this bill because it will undoubtedly save lives. He addressed two predominant issues of opposition, the first being such a law would give law enforcement officers a legal excuse to make what would otherwise be an illegal stop; especially as it relates to racial profiling. The law enforcement administrators in this state will not tolerate racial profiling by their officers. The second opposing issue is that many think the decision to wear a seat belt is an individual choice to be made absent government intrusion. Many are affected when an unrestrained vehicle occupant is killed, in addition to insurance premiums and medical costs, which are influenced by traffic fatalities at a cost to all of us (Attachment 3).

Ed Klumpp, Legislative Liaison for the Kansas Association of Chiefs of Police, Kansas Sheriffs Association, and Kansas Peace Officers Association spoke in favor of **SB 483**. Their decision to support a primary seat belt law is based on the safety aspect and the prevention of unnecessary death and serious injury. He added

## CONTINUATION SHEET

Minutes of the Senate Transportation Committee at 8:35 a.m. on February 9, 2010, in Room 152-S of the Capitol.

that decreasing injuries and deaths from traffic accidents helps law enforcement by reducing officer time required in investigating fatal accidents and reducing officers' exposure to dealing with the physical carnage that can be avoided by the use of seat belts ([Attachment 4](#)).

Darlene Whitlock RN, MSN, EMT, appeared representing the Kansas State Nurses Association (KSNA) and Kansas Emergency Nurses Association (KNEA), as proponents of **SB 483**. She stated a unique aspect has been shown that rural residents have a higher mortality from motor vehicle crashes than urban residents. KSNA and KNEA believe that evidence shows, wearing a seatbelt could reduce these negative outcomes. In this time of critical financial concerns, this legislation might have a monetary impact on health care expenses ([Attachment 5](#)).

Written testimony in support of **SB 483** was submitted by:

Jim Hanni, Executive Vice President of Public Affairs, AAA Kansas Region ([Attachment 6](#))

Cherie Sage, State Director, Safe Kids Kansas ([Attachment 7](#))

Sandy Braden, on behalf of the Alliance of Auto Manufacturers ([Attachment 8](#))

William W Sneed, Legislative Counsel, The State Farm Insurance Companies ([Attachment 9](#))

There being no further conferees, the hearing on **SB 483** was closed.

### Informational Presentation on Vehicle Insurance Verification

Loren McGlade, Chairman, Insurance Industry Committee on Motor Vehicle Administration presented information in regard to online insurance verification - using web services to verify auto insurance. He discussed the "Book of Business," noting that updating is usually done on a monthly basis, and each carrier authorized to write insurance in the state submits its entire book of policy information. According to Mr. McGlade, the insurance industry is opposed to daily updates because it takes eight to nine hours to sweep data. They are also concerned about third parties managing the data ([Attachment 10](#)).

The meeting was adjourned at 9:30 a.m. The next meeting is scheduled for February 10, 2010.

# SENATE TRANSPORTATION COMMITTEE GUEST LIST

DATE: 2-9-10

NAME	REPRESENTING
Jennifer Ellardt	Washburn
Doulene Whitehead	Stormont, KSNA, KSWA
Cammie Dunley	Hays Med. Center Hays, KS.
Scott Harrison	Stormont Vail
Jeff Boffenberg	State Farm
Joe Mosimann	Parcs
Patricia Neis	Washburn
Tracy Hill	Washburn School of Nursing
Jerry Heidner	KDOT
<del>Patrick Hurley</del>	<del>Economic Revenues</del>
Jim Hannigan	AAA
MARK BORANYAK	CAPITOL STRATEGIES
Ed Kwapp	KACP / KPOA / KSA
Lori Church	KAPCIC
Joe Woods	Prop. Casualty Insurers Assn. of Am.
Chad Austin	KHA
MARK BRUCE	KHP
Sandy Braden	Alliance of Auto Manufacturers
Ron Greches	AAA

# SENATE TRANSPORTATION COMMITTEE GUEST LIST

DATE: 2-9-10

NAME	REPRESENTING
Lindsay Douglas	KDOT
Tom Whitaker	KMCA
Woody Moses	<del>KDOT</del>
Randy Semer	KDOT Grp
John Marlow	AIA
David Hanson	PCI & Ks Insur Assn

**TESTIMONY BEFORE THE  
SENATE TRANSPORTATION COMMITTEE**

**REGARDING SENATE BILL 483  
RELATING TO A PRIMARY SEAT BELT LAW**

**February 9, 2010**

Mr. Chairman and Committee Members:

I am Pete Bodyk, Manager of the Traffic Safety Section for the Kansas Department of Transportation (KDOT). I appreciate the opportunity to provide testimony in support of Senate Bill 483, a primary seat belt law. This proposed legislation makes the law primary and increases the fine from \$30 to \$60.

Simply put, seat belts save lives and prevent injuries; having a primary seat belt law is the best way to ensure more Kansans will wear their seat belts. With this law in place, we can project that approximately 25 lives would be saved and there would be 262 fewer people with serious injuries each year in Kansas.

While the potential to save lives is a compelling argument, it's not the sole reason to support this bill. The passage of SB 483 would make Kansas eligible to receive an additional \$11.2 million under the current federal transportation program, SAFETEA-LU. While one million of these funds must be spent on safety programs, the remaining 10 million can be spent in a variety of ways including highway construction improvements. These additional dollars would be very advantageous to our state especially in the current economic climate when budgets are so tightly stretched.

Currently, Kansas seat belt usage rate is 77 percent, which is considerably lower than the 87 percent average rate of states with primary seat belt laws. This is significant considering that more than two-thirds of traffic fatalities in Kansas involve people who are not wearing a seat belt. Also, when seat belts are worn, the risk of injuries is reduced by approximately 50 percent. Based on the experiences of other states, we can project Kansas to see an increase in seat belt usage of about nine percent following the passage of this bill.

Finally, the Driving Force, a task force created by the Governor to study ways to reduce traffic fatalities and injuries, has recommended the passage of the primary seat belt law. Based on months of studies and discussions, the Driving Force concluded that a primary seat belt law is a critical tool for saving lives and preventing injuries on our highway system.

I will stand for questions at the appropriate time. Thank you.





Mark Parkinson, Governor  
Roderick L. Bremby, Secretary

DEPARTMENT OF HEALTH  
AND ENVIRONMENT

www.kdheks.gov

Division of Health

**Testimony on Senate Bill 483  
Primary Safety Belt Law**

**Presented to  
Senate Transportation Committee**

**By  
Dr. Jason Eberhart-Phillips  
State Health Officer and Director, Division of Health  
Kansas Department of Health and Environment**

**February 9, 2010**

Chairman Umbarger and members of the committee, I am Dr. Jason Eberhart-Phillips, State Health Officer and Director of Health for the Kansas Department of Health and Environment. I am pleased to present testimony today in support of SB 483, which proposes a primary safety belt law for Kansas. This legislation will cover all occupants in the vehicle, not just the front seat, and will increase the fine from \$30 to \$60.

According to Former Transportation Secretary Norman Mineta, "We are in the midst of a national epidemic. If this many people were to die from any one disease in a single year, Americans would demand a vaccine. The irony is we already have the best vaccine available to reduce the death toll on our highways – safety belts."

According to research data provided by the National Highway Transportation Safety Administration (NHTSA), **safety belt use is the single most effective countermeasure available to passenger vehicle occupants in preventing fatalities and injuries in traffic crashes.** And, states with a primary safety belt law have higher usage rates resulting in lower fatality rates.

Because of the proven benefits of primary enforcement, 30 states (as of January 2010) have upgraded from a secondary to a primary law. According to NHTSA:

**Passing a primary law in Kansas would result in:**



**A 9% increase  
in the state's  
safety belt usage  
rate.**



**Approximately 25 fewer deaths  
and  
262 fewer serious injuries on Kansas  
roads annually  
and  
\$70 million in costs**

In addition, the passage of SB 483 would result in substantial progress toward meeting Healthy People 2010 goals to increase safety belt usage and to reduce death rates due to motor vehicle crashes. Healthy People 2010 provides a framework for prevention for the Nation. It is a statement of national health objectives designed to identify the most significant preventable threats to health and to establish national goals to reduce these threats.

We know that it takes strong laws, education and enforcement working hand-in-hand to address the fatalities and injuries happening on Kansas roadways. We are here today to show our commitment to working together through education and enforcement and ask that you help by passing SB 483 which will send a message to motorists that safety belt use is an important issue being taken seriously in Kansas.

Thank you for your consideration of this important public health issue. A vote for SB 483 is your chance at saving a life in your district. I will now stand for questions.



Mark Parkinson, Governor  
Terry L. Maple, Superintendent

[www.kansashighwaypatrol.org](http://www.kansashighwaypatrol.org)

**Testimony on Senate Bill 483  
Senate Transportation Committee**

**Presented by  
Major Mark Bruce  
Kansas Highway Patrol**

**February 9, 2010**

Good morning Mr. Chairman and members of the committee. I am Major Mark Bruce and I appreciate the opportunity to appear before you today on behalf of Colonel Terry Maple and the Kansas Highway Patrol regarding Senate Bill 483. This bill would require all vehicle occupants, not subject to the provisions of the Child Passenger Safety Act, to wear a seatbelt. It would also make failure to do so a primary violation.

K.S.A. 74-2105 establishes the principal function of the Kansas Highway Patrol as the enforcement of traffic and other laws of this state relating to highways, vehicles and drivers of vehicles. Consistent with this mandate is the Agency's Mission and Goals which state in part, that the "Patrol will promote the use of child restraints and safety belts through aggressive enforcement" and we will "reduce the number and severity of traffic crashes through the enforcement of impaired driving and occupant protection laws."

It is not my intent to inundate you with statistical data regarding how many lives will be saved or the number of injuries that can be reduced with the passage of a primary seat belt law. The research in this regard speaks for itself.

I would, however, like to address the two predominant schools of thought regarding opposition to a primary seat belt law. Some say such a law would give law enforcement officers a legal excuse to make what would otherwise be an illegal stop; especially as it relates to racial profiling. The simple fact is this. There are those in law enforcement who abuse their authority. Illegal conduct on the part of these officers will be unimpeded by the existence or non-existence of any law because these individuals are criminals. They will find a way to perpetrate their wrong-doing just as any other criminal. That being said, I stand before you today firmly convinced that law enforcement administrators in this state will not tolerate racial profiling by their officers. Many think the decision to wear a seat belt is an individual choice to be made absent governmental intrusion. Unfortunately, when an unrestrained vehicle occupant is killed in an automobile crash, many people are affected. Family members, teachers, mental health professionals, social service providers and others must deal with grieving children, spouses and friends. Insurance premiums and medical costs are influenced by traffic fatalities at a cost to all of us.

The Kansas Highway Patrol supports this bill because it will undoubtedly save lives. How many lives, five, ten, fifteen? One life needlessly lost is one too many, especially when the opportunity exists to save it.

I encourage you to vote in support of Senate Bill 483 and its life-saving measures. I would be happy to address any questions or provide follow-up information should the committee deem necessary.

###





**Kansas Association of  
Chiefs of Police**

PO Box 780603  
Wichita, KS 67278  
(316)733-7301



**Kansas Sheriffs  
Association**

PO Box 1853  
Salina, KS 67402  
(785)827-2222



**Kansas Peace Officers  
Association**

PO Box 2592  
Wichita, KS 67201  
(316)722-8433

February 9, 2010

**TESTIMONY TO THE SENATE TRANSPORTATION COMMITTEE  
IN SUPPORT OF SB483  
PRIMARY SEAT BELT LAW**

The Kansas Association of Chiefs of Police, the Kansas Sheriffs Association and the Kansas Peace Officers Association support measures that reduce deaths and injuries on our highways. Kansas law enforcement officers frequently investigate accidents where a seat belt saved a person from death or serious injury. But far too often we investigate automobile accidents where a life would have been saved or a serious injury prevented if a seat belt would have been used.

Seat belts have proven to greatly reduce deaths and injuries. The experience in other states with primary seat belt laws leads to the conclusion that passage of this bill will increase compliance by at least 10% resulting in saving about 30 lives and 300 serious incapacitating injuries a year in Kansas. *Imagine taking a legislative action that will result in 30 Kansas families a year not having to suffer the loss of a loved one. Imagine taking a legislative action that will keep 300 people a year out of Kansas hospitals saving them from suffering and sometimes permanent physical disabilities. Let's face it, if we could pass a criminal law that was statistically certain to save 30 deaths and 300 injuries a year there would be no hesitation.* Here is your chance to make the same difference in the lives of Kansans without anyone becoming a felon and without the cost of incarcerating anyone. In fact it will save the state money while bringing much needed highway money to the state.

Our decision to support a primary seat belt law is based on the safety aspect and the prevention of unnecessary death and serious injury. Yes—passage of the bill will provide Kansas with additional federal transportation money. But our primary concern is the saving of lives and the reduction of serious injuries. Our support is not based on any other reason.

Why the primary seat belt law is a good thing:

- Seat belt compliance in Kansas is below that of many other states—75% compared to an average of 87% for states with primary seat belt laws.
- Seat belt compliance can be expected to increase to at least 85%.
- Increased seat belt compliance will save more lives and prevent more debilitating injuries.
- Decreasing injuries and deaths from traffic accidents helps law enforcement by:
  - Reducing officer time required in investigating fatal accidents and accidents with life threatening injuries.
  - Reducing officers' exposure to dealing with the physical carnage that can be avoided by the use of seat belts.
- Decreasing injuries and deaths helps the public by:
  - Reducing tragedies to the families of those killed or seriously injured. There are too many families without a parent, a spouse, or a child because they weren't wearing a seat belt.
  - Reducing the cost added to everyone's insurance and costs borne by the state through Medicaid due to the high cost of treating these preventable severe injuries.

**Our members are committed to assuring appropriate enforcement and proactive public education efforts. We encourage you to recommend SB483 to pass.**

Ed Klumpp  
Legislative Liaison  
eklumpp@cox.net

Senate Transportation

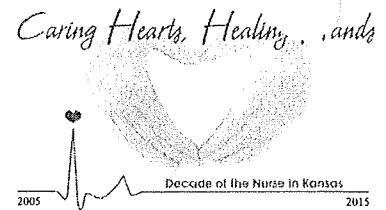
2-9-10

Attachment 4



The Voice & Vision of Nursing in Kansas

1109 SW Topeka BLvd  
Topeka, Kansas 66612-1602  
(785) 233-8638 • Fax (785) 233-5222  
www.nursingworld.org/snas/ks  
ksna@ksna.net



President Patricia J. Plank, MSN, RN

February 9, 2010

Senate Transportation Committee Members:

My name is Darlene Whitlock. I am an Acute Care Nurse Practitioner. I am here today speaking in support of Senate Bill 483, the Primary Seat Belt bill. I am here as a representative of the Kansas State Nurses Association (KSNA) and the Kansas Emergency Nurses Association (KENA). I have been an Emergency Department (ED) nurse for more than 30 years.

I am currently employed by Stormont-Vail Health Care Trauma Services here in Topeka. I have also worked in 8 other hospitals in Kansas. In Emergency Departments all around the state, nurses see death and severe injury from motor vehicle crashes. Even if the injuries are not life threatening, they are painful, physically limiting and financially burdensome. KSNA and KENA believe that evidence shows, wearing a seatbelt could reduce these negative outcomes. I believe that your support could prevent injury even more effectively than hospital personnel and physicians are able to treat it after it occurs.

I know that many members of the legislative community share that view and seatbelt legislation was improved for teenagers. This is simply a public health issue that needs urgent attention to improve it for the rest of the population.

I would also mention that the American College of Emergency Physicians and the national Emergency Nurses Association are both supportive of this type of legislation as a method of decreasing motor vehicle fatalities. They have asked their members nationwide to actively support efforts in their states also. A unique aspect to rural states has been shown that rural residents have a higher mortality from motor vehicle crashes than urban residents.

In this time of critical financial concerns, this legislation might even have a monetary impact on health care expenses. Fewer severe injuries would result in lower health care costs. There are also federal incentives for these types of safety initiatives. It would be unfortunate not to benefit from these incentives if they are still available.

As nurses who have stood at the bedside with grieving families, our primary goal for support of this bill is clear, we believe preventing injuries is better than the best trauma care we can ever deliver. We will appreciate your assistance in saving lives.

Thank you,

Darlene S. Whitlock RN, MSN, EMT  
President Kansas Emergency Nurses Association  
KSNA Representative, State Advisory Committee on Trauma

Senate Transportation

The mission of the Kansas State Nurses Association is to promote professional nursing, to provide a unified voice for nursing to advocate for the health and well-being of all people. KSNA is a Constituent Member Association of the American Nurse: Attachment 2-9-10 5



**TESTIMONY, SB 483**  
*Presented by James R. Hanni,*  
*Executive Vice President, AAA Kansas*  
**February 9, 2010**  
**Senate Transportation Committee**

AAA supports SB 483 which would make Kansas the 31st standard seat belt enforcement state. Only 18 other states besides Kansas have secondary enforcement laws. Since wearing a seat belt is indisputably the most effective safety measure anyone traveling in a motor vehicle can take, there is no reason why we should not enforce our seat belt law the same way we enforce any of our other traffic laws we have: with standard, primary enforcement.

**Why enact a standard seat belt law in Kansas?**

- The national average of seat belt use is 84%. Kansas's rate is 77%. The total passenger vehicle occupant fatality rate per 100,000 population for non-primary enforcement states is 15 percent higher than that for primary law states. Primary enforcement seat belt laws have a proven track record of increasing a State's seat belt use rate.
- The National Highway Traffic Safety Administration (NHTSA) estimates that if Kansas were to pass a primary seat belt law, belt usage could rise by nine percent. Considerable research has shown that upgrading from a secondary to a primary seat belt law will significantly raise seat belt use rates when combined with education and enforcement, and those States that have also adopted high-visibility enforcement campaigns have achieved increases of 20 percentage points or more.
- In States with secondary enforcement provisions, more than half the public 16 and older support primary enforcement of seat belt laws. In States with primary laws, support of primary enforcement is even higher at 73 percent. (MVOSS 2007)
- The Federal Government also reimburses a portion of States' Medicaid expenditures, typically rates of between 50 and 75%. Accounting for this reimbursement, millions of dollars could be saved in Kansas from year to year. A March, 2007 NHTSA study of potential ten-year savings in four states, including neighbors Colorado and Arkansas, showed those two states could save over \$19 million and \$11 million, respectively, on their annual state budgets in medical costs alone by implementing a primary seat belt law.
- **Each year, NHTSA estimates Kansas would save about 25 lives, over 262 serious injuries and \$70 million in economic costs.**
- Traffic crashes cost the Nation about \$230 billion each year in medical expense, lost productivity, property damage, and related costs.
  - Kansans incur about \$1.9 billion of these costs each year.
  - That is \$701 for every Kansas resident, each year.
  - About 74 percent of that cost is paid by citizens not involved in the crashes.
- Crashes cost employers about \$313 million annually in the State, and about \$250 per employee.
- The Safety Belt Performance Grants in Section 406 of SAFETEA-LU would provide the State about \$11.2 million if it enacts primary safety belt language into our present law.

*(over please)*

Sources: AAA and NHTSA

Senate Transportation  
2-9-10  
Attachment 6



**How does Kansas' seat belt usage rate compare to other "primary" state usage rates?**

	<b>Kansas</b>	<b>Iowa</b>	<b>Oklahoma</b>
<b>Safety Belt Law</b>	Secondary	Primary	Primary
<b>2009 Observed Use Rate</b>	77%	93.1%	84.2%

**How many people who died in car crashes weren't wearing their seat belts?**

- In 2008, 302 people died while riding in cars and light trucks in Kansas. Of these, 66 percent died while not wearing their safety belts compared to 55 percent nationwide. (2008 FARS).
- About 78 percent of the State's traffic deaths occur in rural areas, and the fatality rate per 100 million vehicle miles traveled is over four times higher in rural Kansas than in urban communities. (2007 FARS Data)
- In 2008, 75 percent of nighttime fatalities in Kansas were unrestrained compared to 54 percent of daytime fatalities. (2008 FARS Data)

**Does a primary seat belt law precipitate racial profiling?**

No, research disputes the belief held by some that primary seat belt laws may contribute to the harassment of African Americans. According to the *American Journal of Preventive Medicine*, studies of states that changed from a secondary to a primary law found either no difference in the rate of white versus nonwhite ticketing or they found a greater increase in the proportion of whites ticketed after the enactment of a standard law.

According to research by the Air Bag & Seat Belt Safety Campaign and the National Black Caucus of Legislators, less than one-half of one percent of all African Americans report race-related harassment problems as a result of the seat belt law in their state. Nine percent of African Americans in primary seat belt states report experiencing problems of any kind related to the seat belt law, while 13 percent of African Americans who live in secondary states report experiencing a problem. Of those who report experiencing problems, only one half of one percent report race-related problems, the other "problems" mentioned were – specifically – being required to wear a seat belt or being ticketed for not wearing a seat belt. The study also found that African Americans living in states with an enforceable seat belt law favor the law 3-to-1. And when asked if they experienced problems with a primary seat belt law, nine out of ten said they had "almost no problems at all."

**Does a primary seat belt law infringe on a citizen's personal rights?**

No, actually it is an imposition on others' rights when society is forced to pay more money for the health costs of people who are unrestrained.

Driving on the public roadways is a privilege. Enforcing the safety belt law in the same manner as other traffic laws does not infringe on a motorist's liberty. When we share the public roadways and we expect the assistance of police and other emergency responders, we should be able to have the expectation of each other that we have each taken that simplest and most effective precaution: buckling-up. On behalf of AAA's more than 270,000 Kansas motorist-members, we urge your support of SB 483.

Sources: AAA and NHTSA



February 9, 2010

**Testimony Presented to the  
Senate Committee on Transportation  
Senate Bill 483**

Safe Kids Kansas is pleased to support SB 483, which promotes safety belt use in our state by making enforcement of the law standard, just like other traffic safety laws in Kansas. Safe Kids Kansas, a nonprofit coalition of over 70 statewide organizations and businesses is dedicated to preventing accidental injuries to Kansas children ages 0-14.

**Adult Safety belt Use Will Increase** – Standard safety belt use laws have been shown to increase safety belt use. Primary enforcement sends a clear message to motorists that the state considers belt use necessary for their safety.

**When Adults Buckle Up, Children Buckle Up** – Children are much more likely to be buckled up if the driver is also belted. According to Kansas observational survey child studies, if the driver is belted, about 92% of the children are also belted. If the driver is not belted, only about 23% of the observed children were also belted

**An unbelted adult becomes a flying projectile in a crash.** What child stands a chance against an adult hurled into them at an enormous force – even if the child is restrained. If parents are not belted in and are seriously hurt, who will care for their children? Or worse yet, who will raise them if they survive but their parent does not?

**Money** – In 2000, crashes cost Kansans \$1.9 billion - a Kansas crash tax of \$701 for every Kansan. Unbelted crash victims have medical bills 50% higher than belted victims – and we all bear 74% of these costs through increased insurance premiums, taxes, and health care costs. In addition, Kansas could possibly receive a substantial incentive from the Federal Government if a primary enforcement law is enacted at this time. Whereas, it is likely the state will be penalized in the future if such a law is not adopted.

**Safety belts Save Lives.** Motor vehicle crashes are the leading cause of death and injury for ages 4 through 34. In 2008, 383 Kansans were killed and 14,866 were injured on our roads. Those are our children, grandchildren, brothers and sisters, parents, coworkers and friends.

Safe Kids Kansas urges your support of SB 483. Making the current safety belt law a standard enforcement law will increase safety belt use by all ages. The end result will be fewer Kansans injured and killed in motor vehicle crashes.



Attachment:

Safe Kids Kansas Member Organizations

Safe Kids Kansas, Inc. is a nonprofit Coalition of over 70 statewide organizations and businesses dedicated to preventing accidental injuries to Kansas children ages 0-14. Local coalitions and chapters cover Allen, Anderson, Atchison, Butler, Clay, Coffey, Dickinson, Doniphan, Douglas, Elk, Ellis, Finney, Geary, Harvey, Jackson, Jefferson, Johnson, Labette, Leavenworth, Marion, Marshall, McPherson, Meade, Mitchell, Montgomery, Pottawatomie, Riley, Saline, Sedgwick, Shawnee, Smith, Sumner, and Wilson counties, as well as the city of Emporia and the Metro Kansas City Area (Wyandotte county and several Missouri counties.) Safe Kids Kansas a member of Safe Kids Worldwide, a global network of organizations whose mission is to prevent accidental childhood injury. The lead agency for Safe Kids Kansas is the Kansas Department of Health and Environment.





# Safe Kids<sup>®</sup>

## Kansas

## Safe Kids Kansas Member Organizations

AAA Kansas  
American Academy of Pediatrics – KS  
Board of Emergency Medical Services  
Brain Injury Association of Kansas  
Children's Mercy Hospital  
Child Care Providers Together of Kansas  
Cusick Jost Consulting, LLC  
Dillon Stores  
Fire and Burn Safety Alliance of S Central Kansas  
Fire Education Association of Kansas  
Fire Marshal's Association of Kansas  
Head Start State Collaboration Office/SRS  
Huggable Images  
HCC Fire Service Training Program  
Kansas Academy of Family Practice Physicians  
Kansas Action for Children  
Kansas Association for Counties  
Kansas Association of Local Health Departments  
Kansas Association of Osteopathic Medicine  
Kansas Association of School Boards  
Kansas Chapter International Association  
of Arson Investigators  
Kansas Children's Cabinet & Trust Fund  
Kansas Chiropractic Association  
Kansas Cooperative Extension 4-H  
Kansas Dental Association  
Kansas Department Health & Environment  
Kansas Department of Human Resources  
Kansas Department of Transportation  
Kansas Department of Wildlife and Parks  
Kansas District of Kiwanis International  
Kansas EMS Association  
Kansas Emergency Nurses Association  
Kansas Farm Bureau  
Kansas Healthy Start Home Visitors  
Kansas Highway Patrol  
Kansas Hospital Association  
Kansas Insurance Department  
Kansas MADD  
Kansas Medical Society  
Kansas Motor Carriers Association  
Kansas Operation Lifesaver  
Kansas Parent Teachers Association

Kansas Poison Control Center  
Kansas Public Health Association  
Kansas Recreation & Park Association  
Kansas Safe Routes to School Program  
Kansas SADD  
Kansas Safety Belt Education Office  
Kansas School Nurses Organization  
Kansas State Association of Fire Chiefs  
Kansas State Board of Education  
Kansas State Child Death Review Board  
Kansas State Fire Marshal's Office  
Kansas State Firefighters Association  
Kansas State Nurses Association  
Kansas Trial Lawyers Association  
Kansas Trauma Program  
KIDS AND CARS  
KNEA  
KUMC Burn Center  
KUMC Emergency Services  
KUMC Trauma Program  
NHTSA Regional Office  
Office of the Governor  
Safety & Health Council Western MO & KS  
SIDS Network of Kansas  
State Capitol Area Fire Fighters Association  
State Farm Insurance Companies  
Stormont-Vail Regional Medical Center  
United School Administrators of Kansas  
Via Christi – St. Francis Burn Center  
Via Christi – Trauma Center  
Wesley Medical Center

Membership also includes Local Coalitions and Chapters located in Allen, Anderson, Atchison, Clay, Dickinson, Doniphan, Douglas, Elk, Ellis, Ford, Franklin, Geary, Jackson, Jefferson, Johnson, Leavenworth, Marion, Meade, Mitchell, Montgomery, Osage, Pottawatomie, Rice, Riley, Saline, Shawnee, Smith, Wabaunsee, Wilson and Woodson Counties, as well as the cities of Chanute, Emporia, Leavenworth, Pittsburg, Wichita Area and Metro Kansas City.

Safe Kids is a member of Safe Kids Worldwide.

12-09

1000 SW Jackson Suite 230 Topeka, KS 66612 tel 785-296-1223 fax 785-296-8645  
[www.safekids.org](http://www.safekids.org) [www.kansasafekids.org](http://www.kansasafekids.org)



**Written Testimony of Sandy Braden  
Gaches, Braden and Associates  
On behalf of the Alliance of Automobile Manufacturers  
In Support of Senate Bill 483  
Before the Senate Transportation Committee  
February 9, 2010**

Mr. Chairman and Committee Members, thank you for the opportunity to provide testimony to the Senate Transportation Committee today on behalf of the members of the Alliance of Automobile Manufacturers in support of SB483, legislation allowing for the primary enforcement of safety belt law. The Alliance of Automobile Manufacturers (the Alliance) is a trade association of eleven vehicle manufacturers including: BMW Group, Chrysler, Ford Motor Company, General Motors, Jaguar/Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, and Volkswagen.

Safety belts have saved more lives than any other safety system in today's passenger vehicles and their usage maximizes the safety potential of other safety systems within vehicles. In 2007, 303 people died while riding in cars and light trucks in Kansas and of these, 58 percent died while not wearing their seat belts. Additionally, 69 percent of nighttime fatalities in Kansas were unrestrained compared to 48 percent of daytime fatalities.

The National Highway Transportation and Safety Administration estimates that if Kansas were to pass primary belt enforcement, seat belt usage would increase by approximately 10 percent. This would save an estimated 29 lives, 308 serious injuries, and \$79 million in costs each year (based on a 10 percent increase from the 2008 seat belt use rate). An estimated 160 lives were saved by seat belts in Kansas in 2007 and 89 additional lives could have been saved with 100 percent seat belt use.

Passage of SB 483 will also bring Kansas about \$11 million in federal incentive funds. These dollars can be used for a variety of traffic safety programs designed to further reduce fatal and serious injury crashes.

By eliminating the secondary enforcement provisions in the state's existing safety belt laws, law enforcement officials will be able to stop and ticket safety belt violators as they can for any other traffic infraction. Safety belt laws already exist in Kansas; the issue surrounding SB 483 is enforcement. Twenty-five states, home to more than 65% of the nation's population, already have such laws.

The Alliance of Automobile Manufacturers strongly urges the members of the Kansas Transportation Committee to pass SB 483. This measure will save lives and better provide for the safety of drivers and passengers in the State of Kansas.

Sandy Braden  
Gaches, Braden & Associates  
825 S. Kansas Avenue, Suite 500  
Topeka, KS 66612  
Phone: 785-233-4512  
Cell: 785-806-2680  
[sandy@gachesbraden.com](mailto:sandy@gachesbraden.com)

Senate Transportation

2-9-10

TO: The Honorable Dwayne Umbarger, Chairman  
Senate Transportation Committee

FROM: William W. Sneed, Legislative Counsel  
The State Farm Insurance Companies

SUBJECT: S.B. 483

DATE: February 9, 2010

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the State Farm Insurance Companies. State Farm is the largest insurer of homes and automobiles in Kansas. State Farm insures one out of every three cars and one out of every four homes in the United States. Thank you for allowing us to provide written testimony in favor of S.B. 483.

**BACKGROUND**

State Farm has been a leader in motor vehicle and highway safety issues for over forty years. State Farm joined with others to create and implement a comprehensive strategy to reduce the number and severity of auto accidents. Over the years State Farm has been able to identify some of the major causes of vehicle accidents, injuries, and death. Once the problems are acknowledged, State Farm seeks legislative, regulatory, and competitive solutions.

To facilitate its highway and auto safety efforts, State Farm belongs to, and is a major participant in, a number of auto safety organizations, including:

- The Insurance Institute for Highway Safety (IIHS), the leading research organization on auto safety issues; and
- The Advocates for Highway and Auto Safety (AHAS), a coalition of insurance, consumer, safety, and law enforcement organizations committed to work at both the federal and state level public policies to improve highway and auto safety.

State Farm also partners with Mothers Against Drunk Driving in its efforts to enact effective laws to stop drunk driving and Meharry Medical College and its efforts to obtain primary enforcement safety belt laws. We also have worked with The Children's Hospital of Philadelphia to provide evidence-based research that supports the enactment of child restraint laws and Graduated Drivers Licensing laws for beginning drivers.

State Farm began its highway and auto safety efforts in the early 1960s by supporting the elimination of highway "booby traps," or hazardous highway design defects. State Farm also

555 South Kansas Avenue, Suite 101  
Tope

Telephone: ( Senate Transportation  
Fax: ( 2-9-10

Attachment 9

recognized that the causes of, and remedies for, auto accidents were multi-faceted. It was simpler and more productive to modify the interior of an automobile than to rely solely on modification of driver behavior. State Farm became convinced that automobiles equipped with so-called "passive restraint systems" (air bags or automatic safety belts) would substantially reduce deaths and injuries caused by automobile accidents. State Farm's lengthy battle for airbags and passive restraints in vehicles was the precursor to the multitude of vehicle and highway safety issues recognized today, including safety belts, child booster seats, impaired driving, graduated drivers licensing, and distracted driving.

## **I. Safety Belt Laws**

### **BACKGROUND**

According to NHTSA, a safety belt is one of the most effective methods for saving lives and reducing injuries caused by motor vehicle crashes. Safety belts prevent 11,900 deaths and 325,000 serious injuries annually and, if all vehicle occupants used seat belts, an additional 9,200 deaths and 143,000 serious injuries could be prevented each year. Deaths and injuries resulting from non use of seat belts are estimated to cost society \$26 billion annually for medical care, lost productivity, and other injury-related costs.

Decades of experience demonstrate that neither education nor legal requirements are sufficient to convince all drivers and passengers to wear their safety belts. A primary enforcement safety belt law is essential. Only 25 states and the District of Columbia have laws that permit a law enforcement officer to stop a vehicle if a seat belt is not used. Twenty-four states have opted for a "secondary" enforcement standard for seat belt use, allowing a citation only if the officer stopped the vehicle for some other reason. One state has no safety belt law. States with primary enforcement laws have seat belt usage rates that are 10 to 15 per cent higher than states with lesser enforcement standards.

Primary enforcement not only boosts the use of seat belts by adults, but studies confirm that children are much more likely to be properly protected in safety seats or booster seats if the adults in the vehicle use their seat belts.

### **STATE FARM POSITION - Safety Belt Laws**

State Farm supports the enactment of state standard enforcement (primary) seat belt usage laws. Effective safety belt laws provide: (1) A minimum fine of at least \$25, although a higher fine is preferred; (2) enforcement on a primary basis permitting a law enforcement officer to stop a vehicle and issue a ticket if the officer sees a violation of the safety belt laws; (3) adequate funding for enforcement and public education on the safety benefits of using belts; and (4) a provision for the limitation of damages for those injured who did not use seat belts.

## **Online Insurance Verification**

***Using Web services to verify auto insurance coverage***

***Version 1.0***  
***March 15, 2004***



**Insurance Industry Committee on  
Motor Vehicle Administration**

# **Online Insurance Verification**

## ***Using Web services to verify auto insurance coverage***

### **Purpose**

The purpose of this paper is to propose a system to provide documentation of insured status through a partnership of the states, the public, and insurers. This system is intended to be uniform, cost effective for the states, cost effective for insurers, and beneficial for the public interest.

### **Foreword**

#### **About the IICMVA**

IICMVA was formally organized in January 1968. Prior to this time, industry ad hoc committees were assembled as needed by each state to assist with the implementation of compulsory insurance and financial responsibility laws.

Ad hoc committees, which operated at the individual state level, were restrictive and inconsistent in function and composition. IICMVA was formed to provide consistent, industry-wide exchange between the insurance industry and all state jurisdictions.

IICMVA's basic organization is built around insurers and insurance trade associations. Property Casualty Insurers Association of America (PCI, formerly the National Association of Independent Insurers and the Alliance of American Insurers) and the American Insurance Association (AIA) comprise the two major trades. Non-affiliated insurers round out the IICMVA roster.

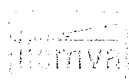
IICMVA is not a lobbying organization. Instead, the Committee serves as a liaison between the insurance industry and state motor vehicle departments in the following subject areas: drivers licensing, vehicle titling/registration, motor vehicle records, compulsory insurance laws, and financial responsibility programs. IICMVA also maintains a close working relationship with the American Association of Motor Vehicle Administrators (AAMVA).

### **Business Direction and Vision**

#### **Business Direction**

Technology has evolved significantly since the late 1950s when states began enforcing their compulsory automobile liability insurance laws. Paper verifications were followed by tape-based cancellation reporting systems. Eventually electronic reporting came into use.

Today, however, we are in an age of Internet-based, shared services. Businesses will increase their use of Web services defined by *The Wall Street Journal* as "software that many computer experts believe will usher in a new era of secure but simple interconnections among computer systems at different companies."<sup>1</sup>



Insurance Industry Committee on  
Motor Vehicle Administration



*IICMVA views the use of this new technology as the best way to resolve what has become a controversial public policy issue: enforcement of mandatory or compulsory insurance laws.*

Enforcement of mandatory or compulsory insurance laws should be limited to event-based situations. Examples of these events could be, but are not limited to: vehicle registrations, traffic stops and accidents. If a jurisdiction desires additional pre-emptive enforcement, that enforcement should be by random sample verification of insurance by the appropriate government department.

Secured Web applications now make event-based verification of insurance coverage both possible and desirable. Accessing data to conduct business is nothing new to consumers who regularly bank, shop, or bid over the Internet. It is also nothing new to jurisdictions which disseminate information, collect citizen input, and conduct the business of state government over the Internet. Giving jurisdictions the capability of verifying insurance in a secured Web environment is an extension of this concept.

On September 17, 2003, IBM and Microsoft announced that they had come to an agreement on software standards for Web services; therefore, the possibility of integrating systems among different trading partners could soon be a reality in the realm of insurance verification.<sup>2</sup>

IICMVA believes the industry must respond.

### **Vision**

The Committee strongly supports an event-based, online inquiry approach to insurance verification.

*IICMVA's vision includes simple online applications that can support single policy inquiries. This vision also includes the exploration of true Web services that can support the interconnection of systems between authorized trading partners, namely insurance carriers and state agencies.*

An online inquiry approach to insurance coverage verification would provide many benefits:

- Jurisdictions could obtain the documented online status of insurance information at any point in time within certain business constraints.
- Jurisdictions could incorporate online verification systems into their license plate renewal programs.
- There would be no need to exchange massive amounts of data that is rarely, if ever, referenced, let alone 100% accurate and/or timely.
- The confidentiality of insurance information would be protected within the confines of each insurance carrier's IT environment.
- The matching limitations and data integrity issues of current state reporting programs would be minimized or reduced.
- Customer service would be improved because primary search criteria would be based on the business rules within each company.
- Commercial insurance carriers would be in a better position to comply with state mandates.
- Carriers would realize the cost effective use of resources since an inquiry system would be built one time for all states, leaving room for simple upgrades as future needs arise.



- Privacy will be protected: Only designated, legally authorized entities will have access. The information to be provided will be very limited and state of the art technological safeguards, such as the latest methods of encryption, will be included.

IICMVA must clarify that its vision does not include any of the following approaches:

- National database reporting systems
- Data clearing houses
- Invasive data extraction programs or gleaner programs from third parties
- Radio Frequency Identification (RFID) technologies

*This vision is IICMVA's attempt to work with state agencies to resolve a public policy issue: enforcement of mandatory insurance laws.*

## **Background**

Beginning in the mid-1920s, states have made an increasing number of attempts to accomplish several worthwhile, socially valuable goals. Among these is the recognition that citizens who exercise their privilege to own and operate a motor vehicle on the public roadways must be held accountable for injuries or damages such ownership and operation may cause.

In this context, the term "held accountable" means being financially responsible. Financial responsibility is the principal argument that supports compulsory insurance legislation in 47 of the 50 states today.

*The primary goal of this legislation is to have no uninsured motorists or uninsured vehicles within the jurisdiction.*

*A subsequent objective is to identify those motorists and/or vehicles that do not carry mandatory insurance coverage when operating within a state's jurisdiction.*

There are two sources of information that can be used to confirm insurance coverage:

### **1. The Individual Driver**

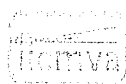
Several states make use of this primary source of information and enable citizens to "self-certify" that they have insurance coverage. This approach requires drivers to sign an affidavit stating they will always carry insurance on the vehicles they register and/or operate on the public roadways.

### **2. The Insurance Industry**

As of this writing, 23 states use insurance industry information and require the insurance industry to report information about their insureds in one of the following ways:

- **Book of Business Data Transfers**

Usually done on a monthly basis, each carrier authorized to write insurance in the state submits its entire active book of policy information. This is the "policy in force" method



whereby states are able to perform month-by-month comparisons to identify those individuals and/or vehicles that were insured at one time but are no longer insured.

In 2001 one state combined a random sampling process with a monthly reporting flow. Normally the industry approves of random sampling programs, but the reporting aspect of this approach has created customer service concerns due to data mismatches.

- **Cancellation Reporting**

Other states require carriers to report policies that have cancelled, lapsed, or non-renewed. This is the "no insurance now" method and the states that use it proactively follow-up with individual vehicle owners who have been identified as potentially uninsured motorists through this process.

- **Comprehensive Database Approach**

Many state reporting programs use the "comprehensive database" approach which requires insurance carriers to provide extensive information about their entire books of business. Comprehensive programs require each insurer to submit an "initial load" data file followed by regular daily, weekly, or monthly updates. The premise behind this model is that states can compare insurance data to their own vehicle registration data to identify uninsured motorists. This approach assumes that it is theoretically possible for a state to know about every instance of insurance within the jurisdiction at every point in time, both now and in the future.

## **Statement of Problem**

There will always be citizens who ignore or actively seek to avoid the laws on compulsory insurance. This is the fundamental non-compliance problem.

The states' attempts to eliminate or reduce uninsured motorists via state reporting programs raise the following additional concerns:

### **1. Data Problems Cause Insureds to be Mistakenly Identified as Uninsured**

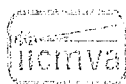
The effectiveness of all computer systems depends on the accuracy of the data they contain. Output depends on input. Automobile liability insurance reporting (ALIR) systems are no exception to this rule.

The effectiveness of traditional ALIR systems depends on their ability to match vehicle/VIN, driver, or registered owner information from a state's database with the same data stored on an insurance carrier's database. The following data integrity issues adversely affect this process:

- **Accuracy**

Simply put, it is impossible for either a jurisdiction or an insurance company to collect and maintain VINs that are 100% accurate and complete. At any point in time, some data maintained by either party may be incorrect or outdated.

Typographical errors caused by keystroke mistakes or customer miscommunication are common during the collection of data by state jurisdictions or insurance carriers.



In many cases, a lack of ongoing communication from the customer causes the data to become obsolete and incorrect. Customers do not consistently notify all necessary parties when vehicles are bought, sold, or otherwise acquired and disposed.

State jurisdictions and insurance carriers have not been very successful at convincing their mutual customer to provide timely notice when a change of information occurs.

- **Timeliness**

The result of the varying business issues that affect insurance carriers and state agencies contribute to problems associated with the timeliness of data.

The difference between the timeframes that states allow for drivers to acquire insurance and register their vehicles often conflicts with the timeframes that insurance carriers allow for insureds to notify them of newly acquired vehicles. Considerable time can pass before a state is aware of a new registration and seeks to match an insurance record.

Newly acquired vehicles are typically covered contractually by insurers for a certain period of time, even before they are added to a policy. Thus, until a vehicle is specifically added to a policy, an insurance carrier will not have a trigger it can use to transmit insurance coverage data to the state regarding that particular vehicle.

Other insurance business issues that complicate issues of timely reporting include the various grace periods allowed under state law for renewal payments and the underwriting binder periods insurers use to underwrite policies.

The result of these issues is the same: insured drivers may appear to be uninsured.

- **Consistency**

Often customers provide accurate, but different, information to a jurisdiction and insurance carrier. A customer's name is the most common situation. For example, a driver may have registered his name with the state as "James Robert Smith," but applied for an insurance policy under the name of "Bobby Smith." The inconsistency between these values makes them difficult, if not impossible, to match when comparing data from the two databases.

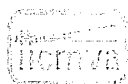
Sometimes states require carriers to report only vehicles registered in those jurisdictions, but carriers typically do not collect data that reflects the vehicle registration state. Mismatches or data errors are common for these programs when insureds move into a state, take out a policy for insurance, but fail to register their vehicles in that state.

## **2. Reporting Systems Are Costly for Jurisdictions, Insurers, and Consumers**

The current reporting systems consume significant state and insurance company resources. Ongoing maintenance and operation of these programs require staff-intensive efforts by jurisdictions and insurers. Ultimately, these costs are borne by consumers.

- **Implementation Costs for State Jurisdictions**

- The state of New York paid Anderson Consulting **\$4.5 million** to implement its program. The project began in fiscal year 1999-2000.<sup>3</sup>
- A 1997 audit conducted by the Utah Office of the Legislative Auditor General indicates the state spent **\$1.2 million** to implement and administer its system when the reporting program was initiated in 1995.<sup>4</sup>



- The Colorado Department of Regulatory Agencies (DORA) indicates the Colorado Motorist Insurance Identification Database (MIIDB) has cost the state approximately **\$7.1 million** since 1997. The state employs eight full time equivalent (FTE) employees to manage the MIIDB program: one Office Manager and seven Administrative Assistant IIs. The state also pays a vendor to manage the database.<sup>5</sup>
- The Missouri state reporting program is financed by an MIIDB Fund that collects 6% of the net General Revenue portion of the Insurance Premium Tax. As of June 2003, this Fund was collecting \$3.2 million a year, but the Fund was not enough to cover the **\$3.7 million** needed that year to maintain the system.<sup>6</sup>

**NOTE:** The implementation costs identified above do not include revenues generated through fines by the state jurisdictions after implementation.

- **Costs for Insurers**

- In 2000 it is estimated that the New York Insurance Information Enforcement System (IIES) cost four major carriers an average of \$408,000 to develop and implement.<sup>7</sup> There are approximately 300 insurance carriers in New York.
- Commercial automobile insurers spend \$30 million annually to develop and maintain reporting programs.<sup>8</sup>
- In one state alone, it has been estimated that commercial insurers spend \$50 on database maintenance per insured vehicle.<sup>9</sup> For example, a commercial fleet policy with 9,000 vehicles for a rental car company costs \$450,000 to maintain the data reporting system each year.
- Negative publicity and customer experiences adversely affect policyholder retention.
- Considerable indirect expenses include legal, training, and public relations costs.

*The cost to the industry is compounded by the fact that insurers are responsible for the development, implementation, maintenance, and administration of multiple systems for various states.*

- **Costs for Consumers**

- Consumers may pay higher insurance premiums to offset insurer costs.
- Consumers as citizens pay for jurisdictional expenses via fees, assessments, and taxes.
- Insured drivers are fined inappropriately when mistakenly identified as uninsured.

*The cost to consumers is compounded by the fact that law abiding citizens are negatively affected. Consumers frequently spend their time correcting state reporting errors. Also, increased regulatory costs reduce competition, giving consumers less choice in the marketplace. Ironically, insured motorists bear all the costs of the very systems that are meant to track the uninsured.*

### **3. Reporting Programs Do Not Conform to the Needs of Commercial Insurers and Their Customers**

Vehicle verification systems do not acknowledge the complexities of how auto insurance is written. No single methodology is followed by all companies.

6



Insurance Industry Committee on  
Motor Vehicle Administration

The Commercial Automobile Insurance Industry reports data to departments of motor vehicles (DMV) in 14 states. IICMVA continues to stress that commercially insured vehicles should be exempt from these reporting programs for the following reasons:

- Commercial insureds do not register all vehicles the same way and do not use personal identifiers such as name, address, and VIN. This causes matching errors. The inability to match to DMV registration databases results in undue hardships for these customers.
- Commercial businesses typically own large capital assets and willingly buy high limits of insurance to protect them. Commercial clients are less likely to allow their employees to drive uninsured.
- The complexity of tracking the multi-state operations of many commercial customers makes it impossible to accurately report this unique customer data.

*Ex. ABC Insurance Company insures XYZ Corporation which has operations in all 52 jurisdictions of the United States. ABC insures 186,000 vehicles in those jurisdictions covered under a single commercial fleet policy.*

*XYZ rotates up to 6,000 vehicles on and off the policy since the vehicles rotate in and out of the fleet on a weekly basis. This activity is typical of a fortune 1000 company with multi-state operations, and it makes data reporting an onerous task for commercial insurers.*

Absent a full exemption, the use of Web services and online inquiries serves as the best way for commercial carriers to mitigate the problems associated with reporting programs, as well as an advantageous way to comply.

#### **4. No Correlation Exists Between Reporting Programs and the Number of Uninsured Motorists**

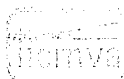
Despite the lack of objective evidence that state reporting programs are, or can be, effective at identifying uninsured motorists, new state reporting programs continue to become law and continue to be implemented.

As stated in the 2002 AAMVA Financial Responsibility & Insurance Resource Guide:

*In general, there is no correlation between compulsory insurance and the number of uninsured motor vehicles on the highway. The same absence of correlation can be said of insurance data reporting programs. Between the 1989 and 1999 IRC studies, of the 18 states with reporting programs in place for 5 years or more, 12 showed an increase in uninsured motorists and 6 experienced improvements. These results suggest there may be other factors involved, such as level of enforcement and consistency of penalties.*

*There are a number of reasons why compliance can never be 100%. Notwithstanding compulsory insurance laws, vehicle owners will continue to violate the mandate, just as we see with DUI and other traffic laws.<sup>10</sup>*

*From a technological viewpoint, insurance data reporting, particularly via electronic means, works well in moving data between entities. What happens beyond that has achieved mixed results. Matching of data is critical, but may never reach comfortable levels due to data accuracy issues, differences in database elements and formats, and a laundry list of items that generate false negatives on the DMV database... Considerations must weigh the costs, the payback realities, and intrusion on law-abiding citizens.<sup>11</sup>*





## Proposal/Diagram

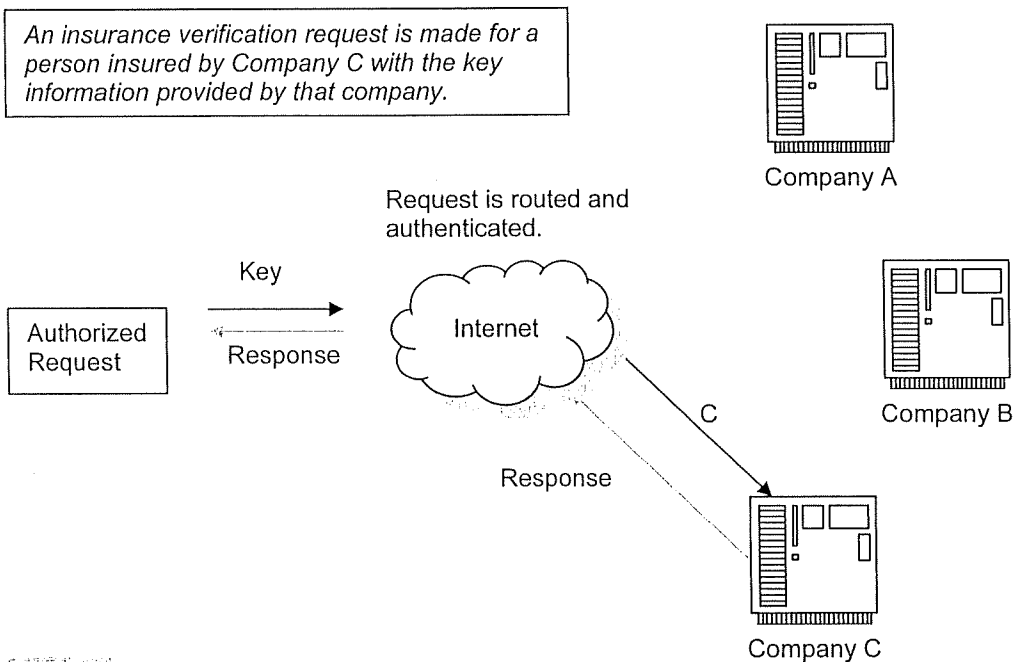
In order to modernize the exchange of information between carriers and jurisdictions, IICMVA believes attention must be focused on why insurance data is being exchanged so that current technology can be leveraged to meet that need.

Ideally, verification of insurance should occur in "real time." Given the various business issues that occur, true "real time" status is not entirely possible. Premium payments in transit, underwriting binder periods, delayed applications, grace periods, and newly acquired but unprocessed vehicles are just a few situations that complicate this vision. An online verification system will permit improved data accuracy because such a system would reflect the documented insurance coverage.

The need to verify insurance and identify uninsured vehicles should be in response to an event-based situation: vehicle registration, traffic stop, or accident.

To this end, IICMVA proposes an automobile insurance verification system based on Web services technology. IICMVA envisions the following elements and steps as necessary:

- Each insurance company would be responsible for maintaining the data necessary to verify the insurance coverage provided to their own customers.
- Each insurance company would be responsible for maintaining a Web portal or service through which online insurance verification can take place by trading partners.
- Valid verification inquiries would be made using key information to route a request to the appropriate carrier for a response.
- The information exchanged would be limited to only those items needed to accurately route the request and confirm coverage, keeping any privacy concerns to a minimum.
- The methods used to make requests can vary, as long as they are ultimately transmitted in a standard format set by the industry. For example, the key information could be entered into an Internet site that would appropriately format a request.
- Confirmation of coverage, or lack thereof, would be sent back to the requesting entity for appropriate action.



## Next Steps

The insurance industry and the states should cooperatively examine this proposal expeditiously because of the many potential benefits to all parties. Among the next steps are:

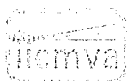
- The technical requirements necessary to render this solution must be identified (e.g., security, authentication, business-to-business/b2b standards, routing of requests, etc...).
- State jurisdictions must be invited to help develop the business requirements that need to be addressed (e.g., data elements needed, search criteria, use cases).

## Conclusion

IICMVA supports an event-based approach to enforcing mandatory insurance laws. State jurisdictions have a need to verify insurance coverage. With the advent of new technology, online verification promises to be a cost effective way to address this need, benefiting the states, insurers, and consumers.

Using Web services to verify liability coverage will afford insurance companies numerous quantitative and qualitative benefits. Companies will be able to transfer the efficiencies gained from one state's program to another. In addition, the industry would have the potential for establishing core technical competencies as a result of putting in place Web service-based programs that can be leveraged by other business units within each insurance company.

More importantly, online verification provides a very practical application that the industry can offer states to identify uninsured motorists. Taking a proactive approach to addressing an important public policy issue will also have a positive effect on consumers.



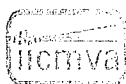
## Notes

1. William M. Bulkeley, "Microsoft, IBM Set Standards Pact." *The Wall Street Journal*, September 2003, Technology Journal Section, cols. 3-5.
2. Thor Olavsrud, "Microsoft, IBM Set Web Services Standard Pact." *Internetnews.com*, September 18, 2003, Enterprise Section, Jupitermedia Corporation.
3. New York Department of Motor Vehicles in consultation with New York State Insurance Department, "Insurance Information and Enforcement System (IIES)-New Directions in Enforcing Compulsory Insurance Laws," *Report to the Governor and Legislature*, February 1999, pp. 5-7.
4. Utah Office of the Legislative Auditor General, *Audit Report*, 1997.
5. Colorado Department of Regulatory Agencies Office of Policy and Research, "Colorado Motorist Insurance Identification Database Program Act: 2002 Sunset Review," *Report to the Office of Legislative Legal Services*, p. 9.
6. Frank Ruggiero, "Insurance Information Database: Keeping It Simple...But Making It Effective," *Presentation on the Missouri Enhanced Random Sampling Program to the Nebraska Motor Vehicle Insurance Database Task Force*, June 2003, slide 4 (oral comments).
7. Based on estimated NY IIES implementation costs incurred by four separate and distinct carriers, the results of which can be applied to industry numbers. The estimated implementation costs cited do not include the expenses incurred to implement the cryptographic bar-coded insurance ID card required under the NY IIES mandate. It could be assumed that the industry's estimated cost to implement NY IIES was approximately \$122,400,000 (300 carriers X \$408,000).
8. Summary of costs incurred by four large commercial insurers.
9. The \$50.00 cost per insured vehicle was determined by a review of the incurred daily maintenance costs of four large commercial insurers in a comprehensive reporting state.
10. AAMVA Financial Responsibility & Insurance Standing Committee, Arlington, Virginia, "AAMVA Financial Responsibility & Insurance Resource Guide," *AAMVA FRI Standing Committee Project*, 2002, page 14.
11. AAMVA Financial Responsibility & Insurance Standing Committee, Arlington, Virginia, "AAMVA Financial Responsibility & Insurance Resource Guide," *AAMVA FRI Standing Committee Project*, 2002, page 17.

## Appendix A:

Comprehensive Database/Cancellation Reporting Systems
Arizona (X12)
Arkansas (EDI; proprietary)
<i>California (X12-voluntary) Used for Online Registration</i>
Colorado (X12)
Connecticut (tape; proprietary)
District of Columbia (paper)
Florida (tape/EDI; proprietary)
Georgia (EDI; proprietary)
Kentucky (tape; proprietary)
Louisiana (proprietary)
<i>Maine (EDI; proprietary; in development since 2001)</i>
Maryland (X12)
Massachusetts (EDI; proprietary)
Nevada (tape; proprietary)

10



Insurance Industry Committee on  
Motor Vehicle Administration

New Jersey (tape; proprietary)
New Mexico (X12)
New York (X12)
North Carolina (EDI; proprietary)
Oklahoma (tape; proprietary)
Oregon (X12)
Pennsylvania (tape; proprietary)
South Carolina (paper->converting to EDI using X12, proprietary, or Web)
Virginia (X12)
<b>Book of Business Data Transfers</b>
<i>Kansas (proprietary-voluntary) Used for Online Registration</i>
<i>Michigan (proprietary-voluntary) Used for Telephone Registration</i>
Missouri (proprietary; enhanced random sampling with book of business reporting)
<i>Nebraska (proprietary-in development since 2003) Used for Online Registration</i>
Utah (proprietary)
<b>Random Sampling Programs</b>
Alabama (Website)
Delaware ( <i>not in use</i> )
Illinois (tape; proprietary)
<i>Minnesota (in development since 2003)</i>

