Approved: ____August 23, 2010____
Date

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:37 a.m. on February 11, 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:
        John Federico, Lobbyist representing Overstreet Pass
        Professor Steven Umbach, Product Development, Overstreet Pass
        Carmen Alldritt, Director of Division of Vehicles, Kansas Department of Revenue

Others attending:
        See attached list.

Presentation on vehicle insurance verification.

John Federico on behalf of Overstreet Pass, acknowledged previous conferees before the Committee on the subject of uninsured motorist, all with interest in addressing the problem. Overstreet Pass wants to be part of the process to find a solution to fix the problem, and believes that it should be as simple and uncomplicated as possible while achieving its intended results.

Mr. Federico stated that in the February 9, 2010 testimony of Loren McGlade, Chairman of the Insurance Industry Committee on Motor Vehicle Administration, Mr. McGlade mentioned that the cause of the uninsured motorist problem can be broken into three areas:

1) difficulty in enforcement
2) unintentional lapses in insurance coverage
3) intentional lapses in insurance coverage

He continued, stating that Overstreet Pass plan goes a long way to addressing all three of those problems and introduced Professor Steven Umbach, Product Development, Overstreet Pass, to offer their information.

Professor Steven Umbach, presented a product development status overview of the Overstreet Pass System for vehicle insurance verification (Attachment 1). He indicated that their system is a simple, whole-system approach solution for addressing the uninsured motorist problem that doesn't require major investments in new technology or infrastructure including:

* a real-time device that is installed inside of the windshield of an automobile
* device provides real time compliance indication to the outside of the vehicle
* device is tamper-resistant and easily programmed
* insurance companies can utilize current in-house computer systems and existing customer databases in order to program the device

Following the presentation, the Chairman called the Committee's attention to information of other state's programs for vehicle insurance verification. Jill Shelley, Kansas Legislative Research Department, presented a briefing on vehicle insurance verification in other states. She distributed a comparison chart of six states' "instant" motor vehicle insurance verification systems (Attachment 2).

Carmen Alldritt, Director of Division of Vehicles, Kansas Department of Revenue provided comments in regard to the Division's position on vehicle insurance verification. She stated that Kansas receives data from

Minutes of the Senate Transportation Committee at 8:37 a.m. on February 11, 2010, in Room 152-S of the Capitol.

250 insurance companies and this information is updated monthly. The number one problem is the mismatches on information, mistakes made on VIN numbers, misspelled names, and insurance policy numbers. She indicated that Kansas, in particular, the Division of Vehicles, does not want to be in the insurance business because it consumes a tremendous amount time. Director Alldritt continued, referring to the requirements for consideration by the Task Force on Electronic Motor Vehicle Financial Security Verification. This Task Force met over a three-year period with the last meeting held on December 11, 2008 (Attachment 3).

The meeting was adjourned at 9:32 a.m. The next meeting is scheduled for February 12, 2010.

SENATE TRANSPORTATION COMMITTEE
GUEST LIST

DATE: 2-11-10

NAME	REPRESENTING
Charles Letcher	Johnson County
Amy Meeker-Berg	Johnson County
Kari Presley	Kearney & Associates
Ted Smith	KDOR
Terry Heidner	KDOT
MR aup	KSeR
C Andntt	KSeR
Lori Church	KAPCIC
Lindsey Douglas	KDOT
Ed Klumpp	KACP/KPOA/KSA
Bill Sneed	State Farm
Dan Murray	Western Street

Overstreet Pass™

Kansas Presentation
Product Development Status Overview

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Current Situation:

- Ongoing problem of uninsured motorists (UM) on the road nationwide

- Statistics show a continuing increase in percentage of UM

- Losses to society due to UM: include lost revenues to insurance companies, lost revenues to States, increased costs for average citizen

- Enforcement of insurance laws is a very difficult problem. Enforcement efforts have been challenging with little measurable results

Overstreet Pass ™   Opportunity

Some Background:

- Driving a motor vehicle in the U.S. is a privilege, not a birth right

- Uninsured motorists hurt everyone, including other uninsured motorists!

- Other attempts to address problem have been massive and cumbersome systems such as State-wide databases that are very expensive to maintain and often filled with inaccuracies, or expensive hi-technology solutions that require massive infrastructure investments

- A need exists to provide law enforcement officers with a simple, real-time, on-vehicle means of determining insurance compliance

Overstreet Pass ™ — Overview

Overstreet Pass System: how it works

- A simple, whole-system approach solution for addressing the UM problem that doesn't require major investments in new technology or infrastructure

- Includes a real-time device that is installed inside of the windshield of an automobile in a small, discreet sized form-factor

- Device provides real time compliance indication to the outside of the vehicle

- Device is tamper-resistant and easily programmed

- Insurance companies can utilize current in-house computer systems and existing customer databases in order to program the device

Overstreet Pass ™   Overview

Overstreet Pass System: how a customer would use it

- Insurance customer receives device (mounts to inside of windshield)

- Customer receives swipe-card or USB key (TBD)

- Customer runs card/USB through the device (sets timeframe for device)

- Encoded card/USB activates and programs the device (starts the count-down timer)

- Customer receives feedback that the device has programmed successfully

- Customer receives feedback for renewal

- On expiration date, device indicates (e.g. red LED) to the outside of the car

- Device is factory sealed and tamper resistant

    (this operating procedure is still being refined as device development continues)

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Overstreet Pass ™   Context

Problem: highly distributed motorist population

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Overstreet Pass ™   Context
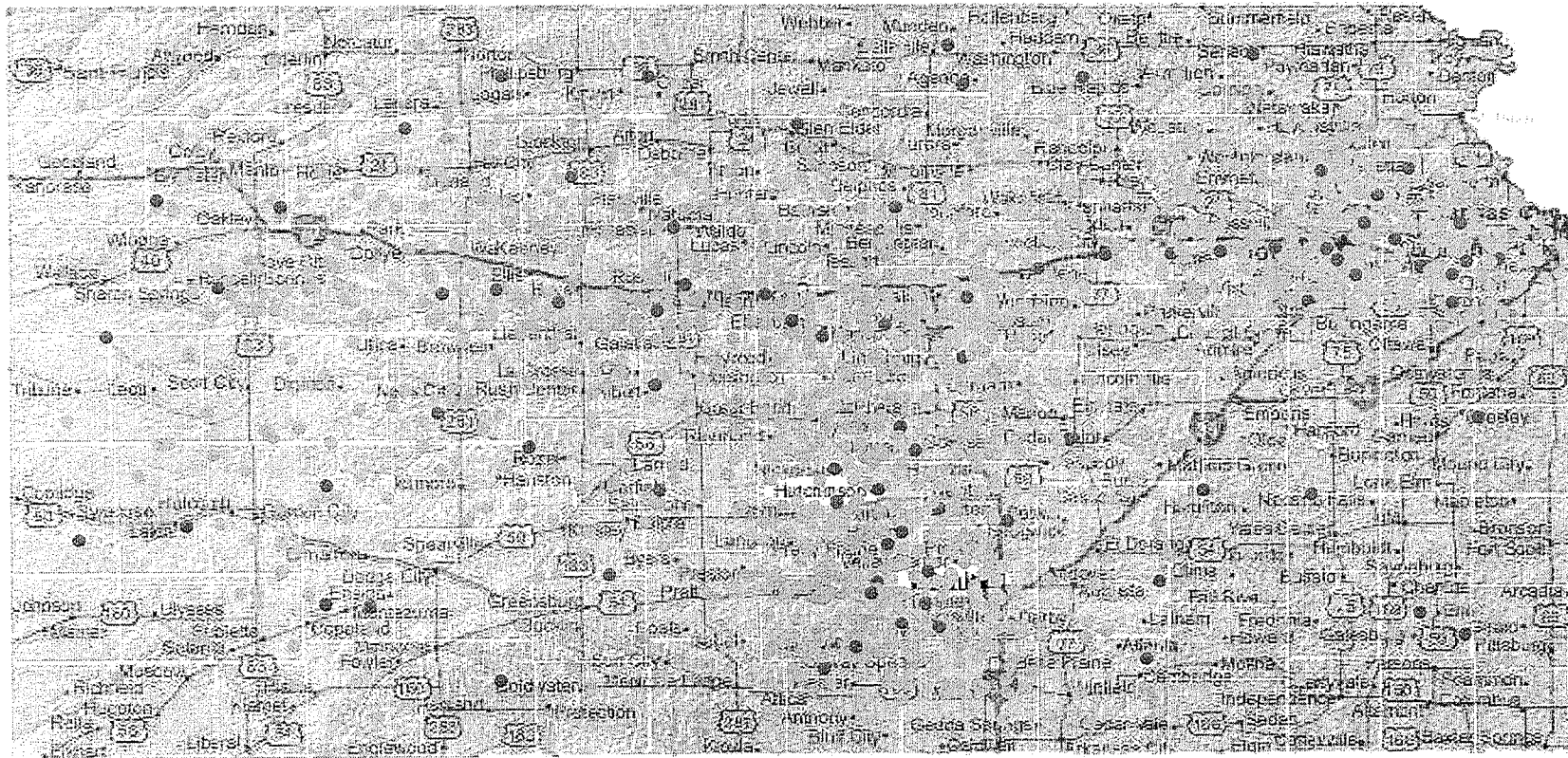
Limitations: other solutions channel population through "chute"

Overstreet Pass ™   Context
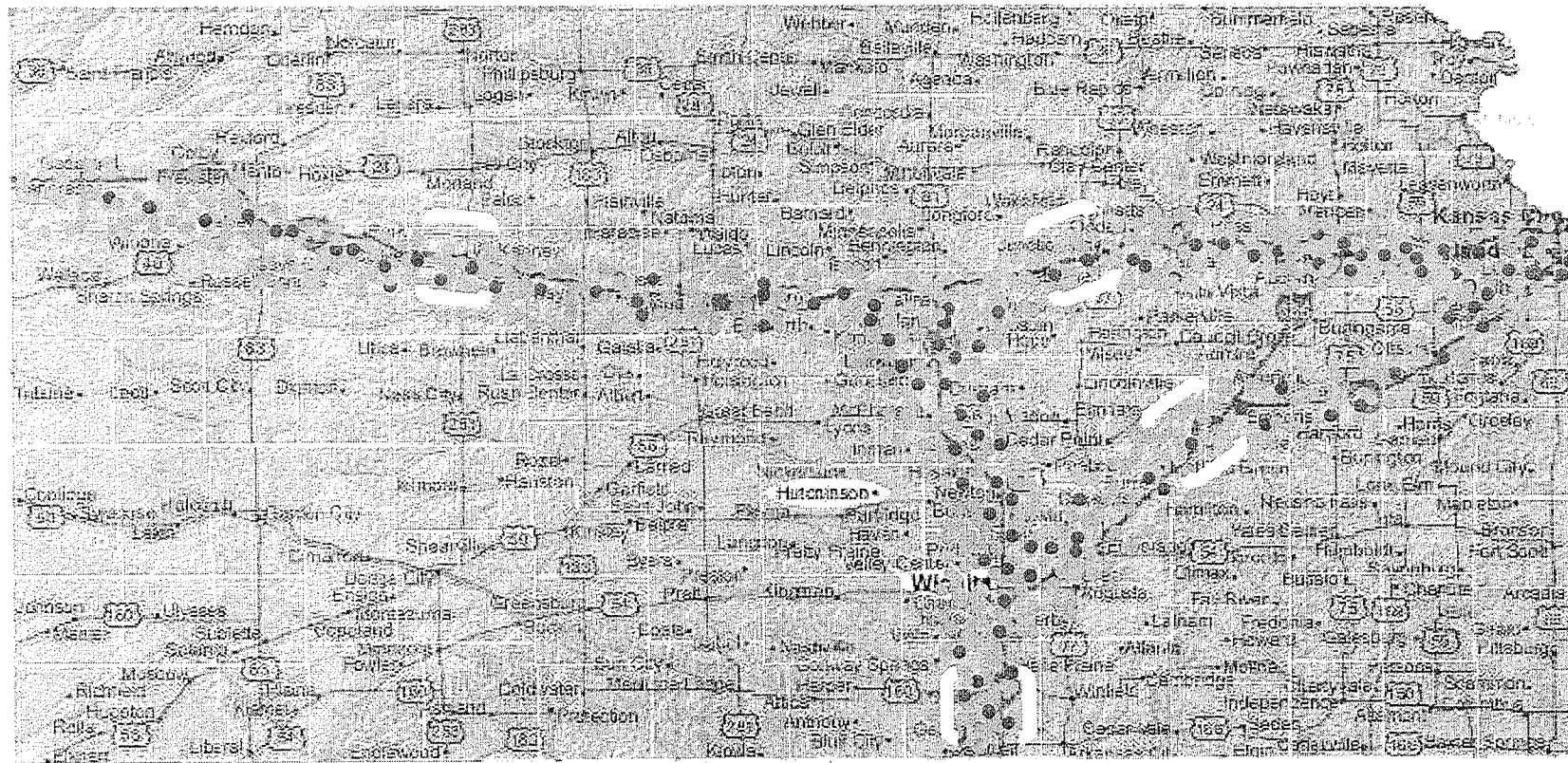
Challenge: highly distributed law enforcement
Opportunity: device for "self-identification" of all motorists
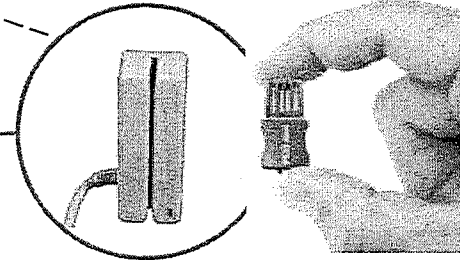

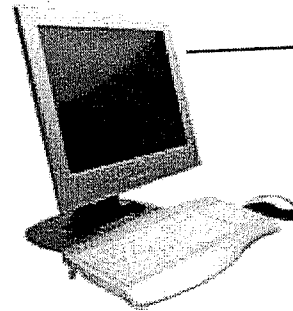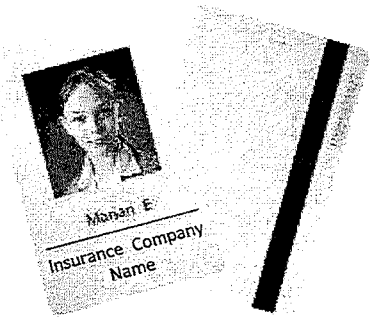© 2009-2010 Overstreet Pass | 8
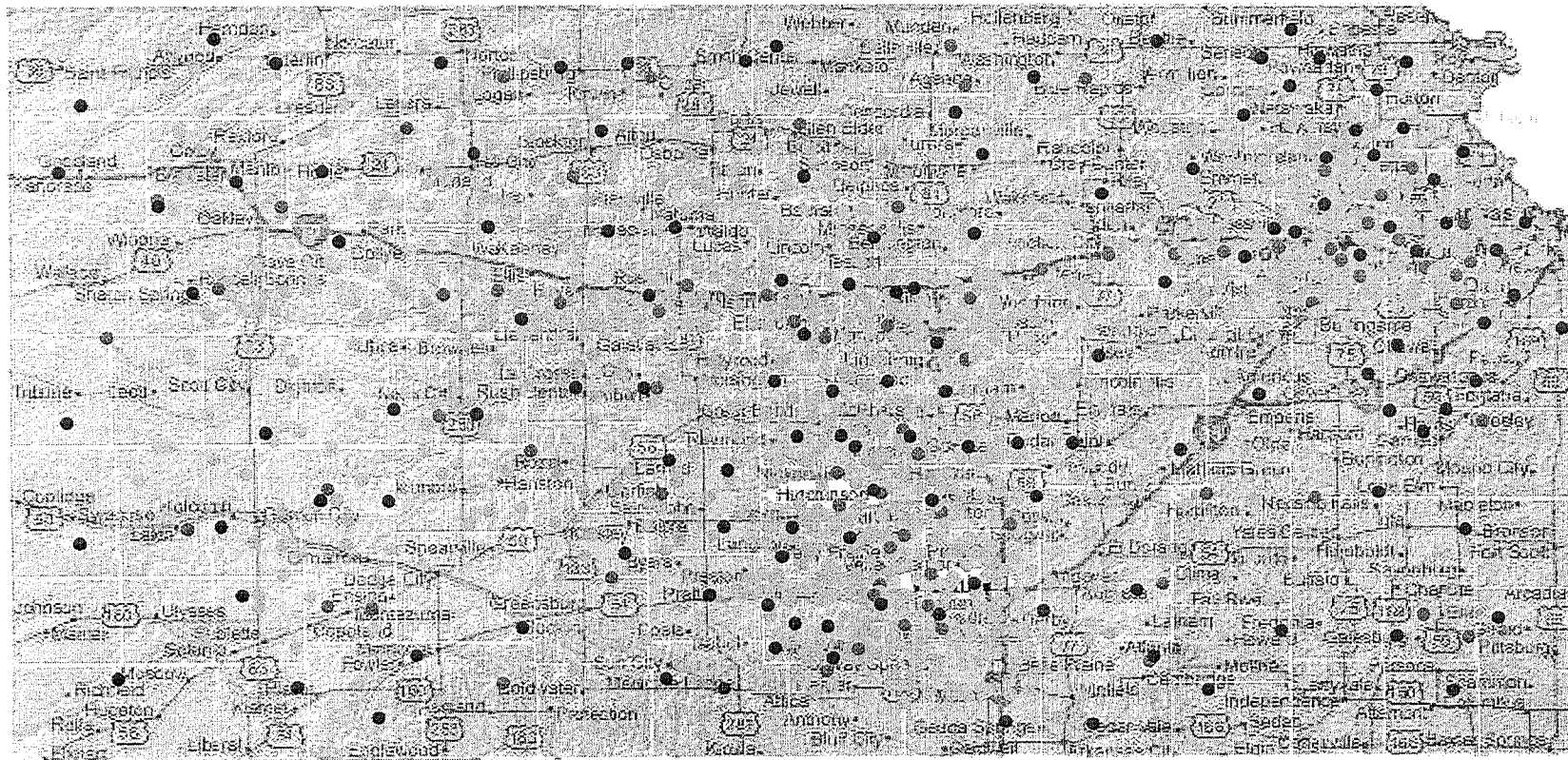
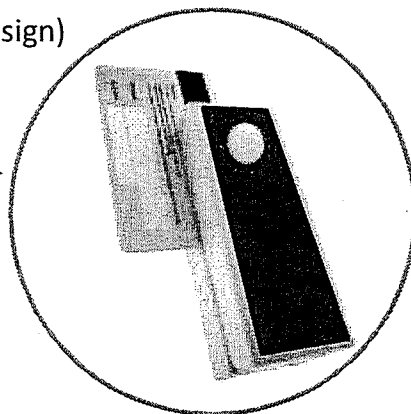# Overstreet Pass ™   System Overview

Insurance Customer's USB or Swipe Card
(could also serve as Insurance Co ID card)

Insurance Company's PC with USB or Swipe Card Encoder

Overstreet Pass Device
(not actual design)

Customer's Automobile Windshield
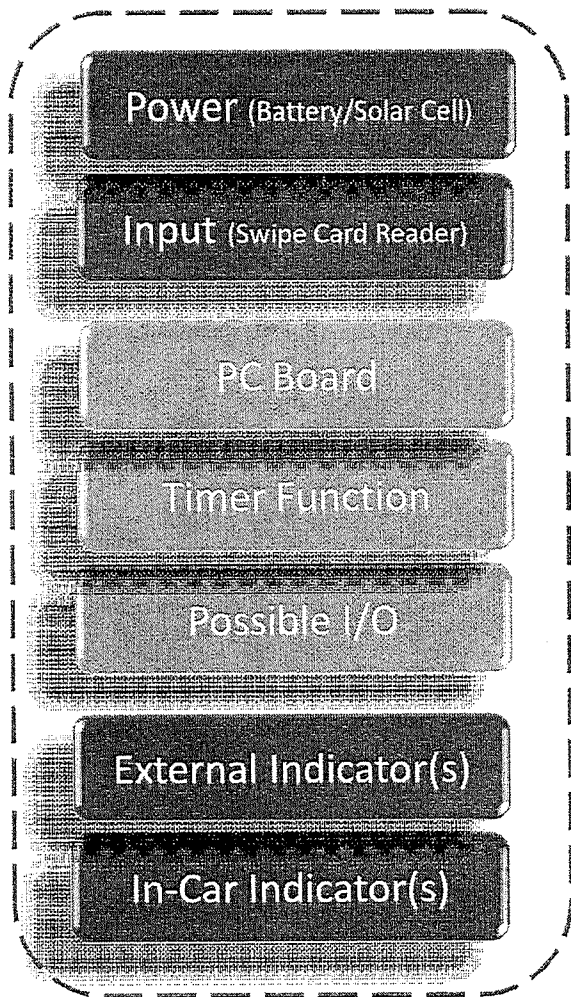(device attaches to inside of windshield similar to an inspection sticker or toll pass)

* TBD: device may indicate with green light (LED) for current, or only a red light (LED) when out of compliance. Still under design investigation
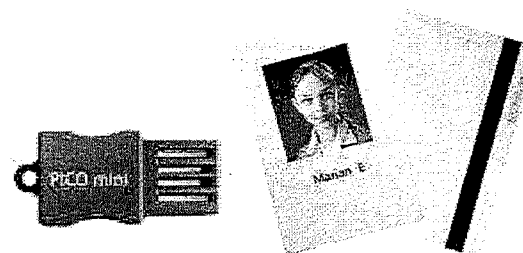
Overstreet Pass ™

Product Architecture

Power (Battery/Solar Cell)

Input (Swipe Card Reader)

PC Board

Timer Function

Possible I/O

External Indicator(s)

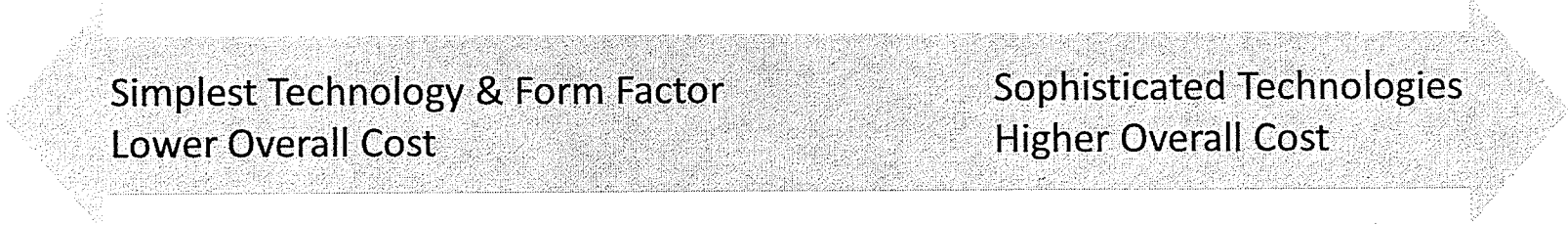In-Car Indicator(s)

Overstreet pass
Device Enclosure
(attaches to inside of
windshield, similar to
an inspection sticker
or toll pass)

Customer's Swipe Card
or Mini USB Drive (TBD)

- Either would contain
  encoding to activate
  device countdown

- Either can be printed on
  outside with customer
  and insurance company
  information

*Preliminary concept design: may not represent final design

Overstreet Pass ™   Context: Technology

Overstreet Pass System: Product Development Continuum

Simplest Technology & Form Factor   Sophisticated Technologies
Lower Overall Cost   Higher Overall Cost

Overstreet Pass Solution:

| Timer with Indicators | Timer with Indicators | Timer with Indicators |
| USB key or Swipe Card | RFID | Cellular |

Other Solutions:

State-wide
Databases

Traffic Light
Cameras

GPS
Satellite
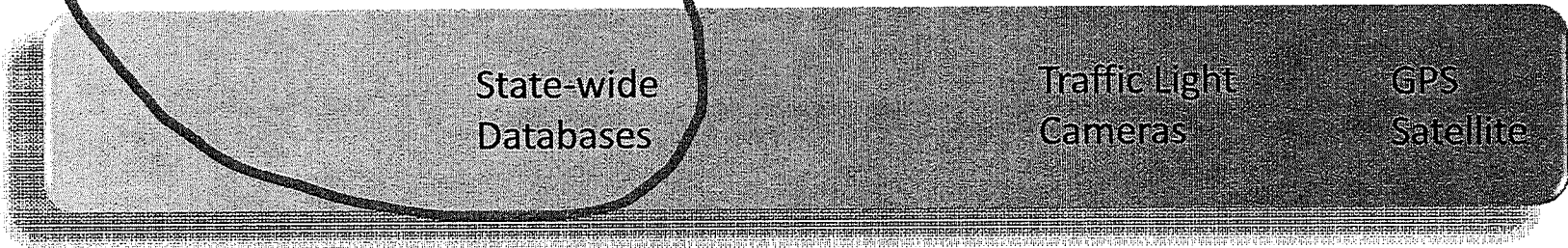
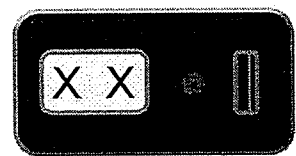Overstreet Pass ™   System Operation Illustration

One day remaining   0 1

Expired   X X

Overstreet Pass ™

Thank you

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Longview, Texas 75604
(903) 753-1618

Comparison of other states' "instant" motor vehicle insurance verification systems

	Florida	Georgia	Oklahoma	South Carolina	Texas	Wyoming
Year the system began	mid-'90s	legislation in probably 2001; system went live 1/1/2004	testing in 2008; "live" since July 2009	2004	requirement passed in 2005; system running statewide since Oct. 09	legislation in 2006; implemented July 2008
Does the state contract with a vendor?	yes, VeriSol	yes	no	yes, MV Solutions	yes, Insure-Rite and Verification Solutions	yes, VeriSol and Insure-Rite
When is the system is used to check coverage?						
registration	yes	yes	yes	yes	yes	
crash or traffic stop	yes	yes	yes		yes	yes
other		continually		driver's license renewal	hopes to expand to vehicle inspection stations	
Does the system communicate directly with the insurance companies to verify coverage? (web-based)	yes, for event-driven inquiries	no	yes, with the larger companies; covers most vehicles	not yet, but exploring this option		yes, for most companies; small companies have other options
Information insurance companies must submit:	NC					
entire book of business			smaller companies submit a subset of this data		yes, weekly	monthly, to create a file to direct verification inquiries
additions and cancellations		yes		yes		
other				VIN file		
Does the state send automatic letters when the system cannot verify coverage?	yes	yes, if the system shows no insurance for more than 10 days	no	yes	not yet; agencies will seek legislative authority for this in 2011	no
If a vehicle owner is found to have no insurance, what is the penalty?						
suspend driver's license	yes, for up to 3 years		yes	yes		yes
suspend vehicle registration	yes, for up to 3 years			yes		
reinstatement fee	$150 $250 $500	$60 if no insurance for at least 30 days; $160 if a third or subsequent finding within 5 years	$325	up to $400		$50
other		"lapse fee" of $25	fine of $211.50	"lapse fee" of $5/day	fine of up to $350, surcharge of $280	
Identified problems and solutions:						
policy change or delay in company reporting	no automatic enforcement until the system has shown no coverage for 20-30 days	no automatic enforcement for at least 10 days; allows certain paperwork as proof for 30 days	vehicle owner is allowed to have an insurance company verify coverage by submitting certain documents (could be email)	owner has 20 days to prove new coverage	system will not say "unconfirmed" unless no match for 45 days	
errors in data	could require the company to submit its book of business to reconcile with state records on additions and cancellations	notified vehicle owners, who had to contact the insurance companies to correct errors	tag agents may override "unconfirmed" under certain circumstances, e.g., "8" for "5" in a VIN	uses secondary matches, such as with name and address	uses cascading logic to match files; has a 99% match rate	
other					many of those who are uninsured are poor and/or immigrants; a state could provide a tax credit somehow	some insurance companies have not complied; suggests adding "teeth" to implementing statutes
Does the state think its rate of uninsured motorists has declined?	NC	yes; it was estimated at 15%-30%, now 2% of registered vehicles	unknown	yes, 25% to 7%	unknown	unknown
Did the state increase its revenues with its program?	NC	yes; 30,000 letters a week, $25 "lapse fee" with each	unknown	yes	no	no
Minimum auto insurance coverage requirements						
personal injury protection (PIP)	$10,000	$25,000	$25,000	$25,000	$25,000	$25,000
bodily injury liability	varies	$50,000	$50,000	$50,000	$50,000	$50,000
property damage liability (PDL)	$10,000	$25,000	$25,000	$50,000	$25,000	$20,000
					will increase to 30/60/25 in 2011	

NC = no chance to ask the question; no information

KLRD, 2/10/10

Requirements for Consideration by the Task Force on Electronic Motor Vehicle Financial Security Verification

An electronic motor vehicle financial security verification system should:

- **Assist the director of motor vehicles and county treasurers in registration of motor vehicles in compliance with motor vehicle financial security law,**
- **Provide law enforcement officers with roadside information during traffic stops to determine whether vehicles are in compliance with motor vehicle financial security law,**
- **Provide greater assurance to the motoring public that other vehicles on the road are insured as required by law, and**
- **Offer convenient insurance policy interface and reporting for companies required to provide insurance policy information to the state.**

Suggested Requirements:

1. Searches must be national, and if possible international, in scope, not just for vehicles registered in Kansas.
2. Information must be "near real-time." This term will need to be defined, but should occur as soon as practical following any motor vehicle insurance transaction to initiate or cancel coverage.
3. Multiple search fields must be available for input, for example: VIN, company & policy No., state and license plate number, owner name and address.
4. Data accuracy must be very high, addressing current inaccuracy rate of VINs in insurance databases and on policies.
5. System must be easily, reliably and accurately accessible from a patrol car, fixed locations and from other computer applications such as the state's electronic vehicle registration system.
6. Transmission and access must be secure. Private data must be protected. System must be protected from hacking and data harvesting.
7. System must be compatible with and work with virtually all state and insurance company systems.
8. System must maintain compliance with approved national data standards for exchange of electronic insurance reporting information.
9. System may aggregate near real-time data or distribute requests to multiple sources of information, but system should provide access to nearly 100 percent of vehicles operating on roads in Kansas.
10. A new system meeting these requirements should be established legislatively to replace the current system maintained by the Department of Revenue.
11. A funding mechanism must be established to pay for system development, use, enhancement and maintenance.

12. Issues of verifying financial security including insurance for all commercial vehicles should be addressed by the task force.

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