

Online Insurance Verification System Advisory Council

Meeting Minutes for Wednesday, October 17, 2018

Conference Call Meeting

Members Present: Jay Starling, Troy Thigpen, Todd Feltman, Greg Tucker, Sheila Moore, John Morales, and Ken McFeeters

Members Absent: Michael Robinson, Dustin Wilson, Ken Needham, Jerry Workman, Kim Decker, and Alex Hageli

Others Present: Sherry Helms, Jonathan Lawrence, Ken Williams, Kelley Gillikin and Cameran Clark.

Call to Order

The meeting was called to order at 10:03 a.m. by Mr. Starling.

Roll Call

Mr. Starling conducted the roll call.

Approval of Previous Meeting Minutes

The minutes of the July 18, 2018 meeting were approved without any corrections.

OIVS Update

Mr. Thigpen asked if there were any questions about the 3Q, 2018 MLI Statistics that were emailed to the council for review on October 15, 2018. There were no questions from the council. Mr. Thigpen explained that due to an issue with mailing Notices of Suspension (NOS), the suspension of vehicle registrations has been delayed due to an issue discovered with the printing and mailing vendor. The issue resulted in a backlog of approximately 200,000 notices. All affected records were placed in Deferred Suspension (DS) status. The issue was resolved, and the Department began mailing NOS in September and will mail an additional 10,000 NOS per week.

New Business

Mr. Starling reported that a task force, consisting of the Motor Vehicle Division, the Tax Policy Division, and select licensing officials had been assembled to discuss possible changes to the MLI law. The plan is to propose possible legislative changes during the 2019 legislative session. Mr. Starling reported on each proposal as follows:

- Eliminating the required four (4) month registration suspension period for second and subsequent MLI violations. The task force believes that this portion of the law places a hardship on registrants as it does not allow use of their vehicle for vital everyday activities. With the proposal in place, registrants dealing with a second or subsequent violation would simply pay the required reinstatement fee and provide current proof of insurance to reinstate their suspended registration. Mr. McFeeters stated that he thought the proposal was a good idea and would allow licensing officials to more easily collect reinstatement fees.
- Reducing the suspension lookback period from 5 years to 3 years (current registration year and two previous registration years). Mr. Starling explained that when the MLI laws were first implemented the lookback period was 10 years. After feedback from licensing officials and insurers that it was too difficult to verify insurance policies going back ten years, the decision

Online Insurance Verification System Advisory Council

Meeting Minutes for Wednesday, October 17, 2018

Conference Call Meeting

was made to reduce the lookback period to 5 years because it corresponded with the life cycle of most license plates. Mr. Starling reported that the new proposal for 3 years corresponds with the current guidelines and provisions on refunds of registration fees and motor vehicle property taxes. Mr. Feltman inquired if the lookback period would be based off the last MLI incident. Mr. Starling replied that was correct and the Department would utilize a 3 year “window” based on the registration years, to track violations. Mr. McFeeters added that a lot of companies that insure repeat offenders tend to operate in Alabama for a couple of years and then leave, so limiting the lookback period would make insurance verification easier in those instances.

- Increasing the monetary amount of MLI reinstatement fees that licensing officials can retain per year from the current \$10,000 threshold. Mr. Starling explained that the threshold is problematic for some counties, particularly larger counties, because they can collect \$10,000 in reinstatement fees in a single month. He added that the task force was considering an increase to \$25,000 a year or 25% of licensing official’s commission of MLI fees, whichever is greater. Ms. Gillikin stated that the task force planned to add language that applied the monetary cap on a fiscal year basis, which would allow the cap to be exceeded by larger counties on a monthly basis. Ms. Gillikin added that this would allow counties to accumulate funds for more well-planned purchases that are actually needed. Mr. McFeeters stated that insurance agencies would not be affected by this proposal and that in his view it was the task force’s decision.
- Increasing the percentage of reinstatement fees retained by licensing officials from 10 percent to 25 percent.
- Requiring licensing officials to remit MLI reinstatement fees on or before the 20th of each month. The MLI reinstatement fees would be remitted to the State Comptroller along with other Motor Vehicle fees that are due by the 20th of the month.
- Allowing registrants to voluntarily surrender their license plates when claiming exempt (sold, stored, or inoperable) status. Mr. Starling explained that the current process by which registrants claim exempt status has loopholes that registrants are taking advantage of. He added that the Department attempted to close the loopholes by adopting an administrative rule allowing the licensing officials to determine what non-use evidence was acceptable; however, some licensing officials don’t want that degree of latitude and instead want clear guidelines on what evidence of non-use is acceptable. Mr. Starling added that with the proposal the registrant at any time can voluntarily surrender the plate and the registration would be revoked. Mr. Starling reported that it was also proposed to allow registrants who receive a MLI questionnaire 30 days to surrender their license plate to their local county official without penalty, as long as the registrant had not operated the vehicle on the verification date or during any time period prior to surrender of the license plate. He added that the MLI system has citation and crash data that can be used to verify if the vehicle has been operated.

Mr. Starling added that licensing officials are frustrated because they feel registrants are exploiting the stored/inoperable provision, and the responsibility falls on the licensing clerk to make the final determination. Mr. McFeeters stated the proposal made sense but inquired what happens when the registrant was ready to operate the vehicle again. Mr. Starling replied as is the case with the current rule, the registrant would have to purchase a new license plate.

Mr. McFeeters stated that the proposal could cause problems in larger cities, such as Birmingham that have smaller surrounding communities which require registrants to keep their

Online Insurance Verification System Advisory Council

Meeting Minutes for Wednesday, October 17, 2018

Conference Call Meeting

vehicles tagged at all times. Mr. Tucker added that would be a problem because registrants with untagged vehicles on their property would get a citation. Mr. McFeeters suggested that registrants could deal with the issue by lobbying for their city council to pass laws dealing with the issue which would allow their untagged vehicles to be parked on their property. Mr. Tucker expressed doubt that such a lobbying effort would be successful. Mr. Tucker also added that it will be difficult to determine one solution to address all possible registrant hardships regarding exempt vehicles. He added that his concern is also that he is not convinced that the majority of licensing officials want to collect license plates. Mr. Tucker also stated that notification of the public for the pending law change would need to begin at least a year prior to the implementation. Mr. Starling agreed and stated that the advance notification will be reflected on the registration receipt and the insurance MLI questionnaire/email. Mr. Tucker also expressed concern that legislators would see the once per registration year surrender limit as punitive and it might affect the success of the overall bill.

- Eliminating the additional Notice of Suspension. Mr. Starling reported that complete MLI process from the initial verification to the time the MLI case is closed can take up to 120 days. In an effort to reduce the time frame, the additional NOS would be eliminated. He added that the task force also wants the council to consider reducing the monthly re-verification from the current 30-day interval to 15 day intervals. Ms. Helms asked if any insurers on the call felt 15 days was long enough for insurers to have new policies entered into insurers' databases. Mr. Feltman stated that the challenge would be with registrants changing from one insurer to another and the change may not yet be captured in the company's books of business. He added that it could result in registrants who are actually insured receiving questionnaires. Ms. Helms asked Mr. Thigpen how many insurers only send monthly books of business. Mr. Thigpen replied that the majority of companies submit books of business daily and approximately 20 companies submit them monthly. Mr. Feltman suggested that since some carriers do not automate their application process, it may take a couple of weeks for them to underwrite and issue a policy. Mr. Feltman suggested reducing the interval check to 21 days.

Update

Mr. Thigpen and Mr. Lawrence attended the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) conference in Clearwater, Florida on October 23, 2018. At the conference, Mr. Thigpen presented the previously mentioned information regarding the task force, its purpose, and the proposed MLI law changes. The industry members present at the IICMVA meeting had no objections to the planned legislative changes.

Next Meeting

The next meeting of the advisory council was scheduled for December 5, 2018.

The meeting was adjourned at 11:14 a.m. by Mr. Starling.

Respectfully submitted by: Troy Thigpen

Online Insurance Verification System Advisory Council

Meeting Minutes for Wednesday, October 17, 2018

Conference Call Meeting

**Alabama MLI Statistics
3rd Quarter - 2018**

| OIVS Summary | |
|----------------------------|-------------------|
| First Request OIVS Totals | 15,427,391 |
| Second Request OIVS Totals | 236,710 |
| Other OIVS Request Totals | 37,207 |
| Total OIVS Requests | 15,701,308 |

| Correspondence Sent | | |
|----------------------------------|----------------|-------------|
| Questionnaires Via Mail | 126,936 | 71.4% |
| Questionnaires Via E-Mail | 20,611 | 11.6% |
| NOS Via Mail | 30,300 | 17.0% |
| Total Correspondence Sent | 177,847 | 100% |

| Responses Received | | |
|---|---------------|-------------|
| Questionnaires-MLI System-clerk entry (mail, fax, or walk in) | 21,146 | 66.2% |
| Questionnaires - Registrant Response System | 10,761 | 33.7% |
| NOS-MLI System-clerk entry (mail, fax, or walk in) | 52 | 0.2% |
| NOS-Registrant Response System | 0 | 0.0% |
| Total Responses | 31,959 | 100% |

| MLI Summary | | |
|--------------------------------------|---------------|-------------|
| R1 (\$200 fee paid)- 1st Violation | 7,506 | 12.9% |
| R2 (\$400 fee paid)- 2nd Violation | 834 | 1.4% |
| R3 (No fee paid) -Valid Insurance | 4,605 | 7.9% |
| CL-Closed Record Prior to Suspension | 15,952 | 27.3% |
| VR-Revoked Registration | 21,561 | 37.0% |
| 1st Suspension (S1) | 6,841 | 11.7% |
| 2nd Suspension (S2) | 1,031 | 1.8% |
| Total Responses | 58,330 | 100% |