

Online Insurance Verification System Advisory Council

Meeting Minutes for Wednesday, December 17, 2014

Conference Call Meeting

Members Present: Jay Starling, Lt. Frost (for Michael Robinson), Charles Angell, the Honorable Greg Tucker, Dustin Wilson (for Jeff Bradwell), Ken Needham, Alex Hageli, George Cooper, Curtis Stewart (for Julie Magee)

Members Absent: Michael Robinson, Greg Erath, Jeff Bradwell, Harvey Fischer, the Honorable Sheila Moore, Julie Magee, Ken McFeeters

Others Present: Brenda R. Coone, Ken Williamson, Lori Biscaglia

Call to Order

The meeting was called to order at 10:04 a.m. by Mr. Starling.

Roll Call

Mr. Starling conducted the roll call.

Approval of November 19, 2014 Meeting Minutes

The minutes of the November 19, 2014 meeting were approved with no corrections.

OIVS Update

Mr. Starling provided the following statistics from January 1, 2014 through November 30, 2014:

1. Almost 87M OIVS requests to date
2. Over 45M 1st requests (sources - counties, law enforcement, and reverification process) with a 79% confirm rate (up from 78% being reported in recent months).

The department has sent over 261,000 questionnaires and 158,000 notices of suspensions to Alabama registrants thus far this calendar year. Additionally, over 48,000 registration reinstatements have been processed. Of the processed reinstatements, 81% were reinstated without payment because the registrant had valid insurance while 19% of the reinstatements resulted in fees being collected.

An update on the book of business (BOB) files received from insurers is as follows:

- ✓ State Farm sent files in December
- ✓ Bristol West sent files in December
- ✓ Everest ESIC/Arrowhead (22110) will start 2015
- ✓ Geico expected to start in January 2015
- ✓ IPACC (Infinity) file sent in December
- ✓ CIS (Quality Casualty)-3 NAICs – looking into it – sent request for update on 12/16/14
- ✓ Chartis/AIG(19402,19410) – to start in February 2015
- ✓ Commercial Auto(Auto Owners) – to start in March 2015
- ✓ ACCC Ins. Co. (10807) - plan to implement by end of January 2015
- ✓ Auto Club AAA(15512, 27235) - plan to implement, no specified date yet

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- ✓ Chartis/AIG (19402, 19410) is reviewing the department's request.
- ✓ Commercial Auto (Auto Owners) is reviewing the department's request.

We have processed at least one BOB file related to 121 NAICs now (out of 181 production NAICs). Upon contacting the insurers regarding this process, we have learned of a few companies where there are no current active policies.

The department has not received any files or contact from the following insurers. Attempts were made to contact these companies as late as December 16, 2014. Mr. Williamson volunteered to contact these companies to determine why they have not responded to the Department of Revenue's requests for information.

- ✓ ANPAC/American National (28401,39942)
- ✓ Affirmative (42609)
- ✓ 21st Century (Farmers) (32220,34789)

George Cooper asked if the department has been capturing the number of registration records that have been changed based on the book of business files. Mr. Starling responded that the department has not been tracking this information. Mr. Cooper stated that this information may help the council members determine whether the additional information being submitted by insurers is beneficial.

Mr. Angell asked if the department has been able to use OIVS to determine the current uninsured motorist rate in Alabama. Mr. Starling explained that the department is relying on the Insurance Research Council (IRC); otherwise, this information is unavailable. There was a lot of discussion regarding this topic, but in the end the consensus was that it would be difficult to determine this percentage. The latest IRC report shows that Alabama's uninsured motorist rate is 19%, which is down from 22% as reflected in the previous IRC report.

New Business

During the last meeting, Ms. Magee and Mr. Hageli mentioned amending the insurance law to permit registrants to present evidence of insurance electronically rather than requiring the paper copy of such evidence to be retained in the motor vehicle. Mr. Hageli submitted language to the Motor Vehicle Division who in turn submitted it to the department's Tax Policy & Research Division.

Mr. Starling mentioned the issue owners of recreational vehicles are having when the department performs the reverification process on these registrations. Because insurers permit these vehicle owners to suspend their policy when they are stored, the department receives unconfirmed responses from insurers during the monthly reverification process. The vehicle owner responds that the vehicle is stored and inoperable. The department revokes the registration, pursuant to the provisions of Section 32-7A-11, Code of Alabama 1975. When the registrant is ready to operate the vehicle again, they are required to purchase another license plate and pay the registration fees again which can be several hundred dollars depending on the gross vehicle weight of the recreational vehicle.

In an effort to address this issue, the department has decided to remove recreational vehicles from the OIVS reverification process. The vehicle owner will be required to present evidence of insurance to the licensing official at the time of registration. The department will not, however, attempt to verify evidence of insurance coverage on a monthly basis in the same manner as for passenger vehicles.

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Mr. Cooper remarked that the issues with liability insurance on recreational vehicles are commonly referred to as “winter suspensions”. This permits registrants to suspend insurance coverage throughout the year when the vehicle is stored and inoperable. The insurers’ systems will return “unconfirmed” responses when the vehicle is stored and no policy is in effect for the vehicle. He has no issue with the recreational vehicles being excluded from the reverification process.

Mr. Tucker reported that the bigger issue in his office has been commercial vehicle registrations being revoked. There was discussion regarding this matter. The department will perform some inquiries to determine how many times this issue has occurred.

Mr. Cooper mentioned the electronic verification of insurance on replacement vehicles is an issue for his company. For example, a registrant purchases a new vehicle and the insurer provides coverage on the new vehicle and drops coverage on the old vehicle. He reported that State Farm has been providing a large number of letters to registrants stating that the old vehicle is covered because of unconfirmed responses being returned by insurers through OIVS.

Mr. Tucker stated that this has been an issue in the county licensing office as well. He did not realize that OIVS was going to use the registration date (on license plate transfers to replacement vehicles) as the verification date. He added that the OIVS verification date for a replacement vehicle should not occur during the first twenty (20) to thirty (30) days the vehicle was issued after verification by the county licensing official at the time of registration transfer. The basis for his suggestion is that regulation provides that the registrant may produce acceptable evidence of insurance for a replacement vehicle with current coverage on the previously owned vehicle, yet the registrant or insurance agent may not timely add the replacement vehicle to an existing plan since such vehicles tend to receive thirty (30) days coverage in most policies.

Mr. Cooper stated that the electronic record on the old vehicle in the insurer’s database will not be available. If the owner is going to sell the old vehicle, a policy remains in effect on the old vehicle for period of usually 30 days; however, coverage on the new vehicle replaces the record on the old vehicle. While a policy is in force in this scenario, the electronic record does not exist so any verification efforts on the old vehicle will return unconfirmed responses.

After much discussion regarding the topic, it was determined that this situation is common with all insurers.

Next Meeting

The next meeting of the advisory council is scheduled for Tuesday, January 20, 2015, at 10:00 a.m. The meeting will be held via conference call. A conference call invitation, agenda, and the meeting minutes will be sent to all advisory council members.

The meeting was adjourned at 11:10 a.m. by Mr. Starling.

Respectfully submitted by: Brenda R. Coone