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Brenda R. Coone, Director
Billy R. Phillips, Revenue Manager
Alabama Department of Revenue
Motor Vehicle Division
Vehicle Services Section
P.O. Box 327630
Montgomery, AL 36132

Dear Ms. Coone and Mr. Phillips,

Thank you for the opportunity to comment on your proposal to require electronic notification of motor vehicle liability insurance in Alabama and your invitation to discuss the proposal at a meeting today.

Unfortunately, I will be unable to attend the meeting, but I am aware that several representatives of NAMIC member companies are planning to participate. The National Association of Mutual Insurance Companies (NAMIC) is a trade association representing more than 1,350 member companies underwriting over 40 percent of the property/casualty premium in the United States. In Alabama, we have 130 members doing business and collectively writing 45 percent of the property/casualty insurance market in the state. Please accept the following feedback on behalf of NAMIC members doing business in Alabama.

We appreciate your consideration of the need for a long implementation time for what likely will be a complicated and time-consuming process. Changing the implementation date from January 1, 2009, to January 1, 2010, certainly helps alleviate some concerns in that area.

However, we are still troubled by the lack of specific information regarding the process and what will be required of insurers. That lack of specificity makes it very difficult for insurers to be comfortable supporting legislation of this type.

Our experience in many other states demonstrates that the process to attain an electronic verification system is always a long and drawn-out one and requires the utmost cooperation of all parties involved, from multiple government agencies to insurance companies and varying sizes, structures, and agency systems.

The sheer volume and complexity of available technology means that time must be allocated for a state and affected insurance companies to become educated on the options and make the best choice for the situation. And adequate time for testing is another important component of the implementation process.

I've also received a suggestion for a slight change in the language of the commercial auto definition. We would appreciate your including the Insurance Industry Committee on Motor Vehicle Administration (IICMVA)-approved commercial auto definition: Commercial auto coverage is any coverage provided to an insured, regardless of number of vehicles or entity covered, under a commercial auto, garage or truckers coverage form

and/or rated from either a commercial manual or rating rule as filed and approved by the state Insurance Department. Vehicle type and ownership are not necessarily the primary factors in either underwriting the coverage or rating the coverage. The rating may be subject to individual risk characteristics including but not limited to experience rating, schedule rating, loss rating or deductible rating.

As we know from prior experiences in other states, “commercial vehicles” are not the problem. Rather, the exclusion needs to encompass vehicles for which coverage is provided under “commercial automobile policies.” Private passenger automobiles and other vehicles that would not fit within the definition of “commercial vehicle” may be covered under a commercial auto policy and, because of the nature of those policies, those are the vehicles that should be excluded from the reporting requirements.

The fact that an insurance card marked “fleet” need not include vehicle year, make and VIN does not solve the problem. Not every commercial auto policy is a “fleet” policy.

I suggest you seek technical assistance from the IICMVA. The organization has been an integral part of similar efforts in many other states and can certainly provide the benefit of their experience and expertise. You can reach the current president, Loren D. McGlade, at 619-447-7080. Mr. McGlade is with AIG. I’m also including with this letter a white paper by the IICMVA on the topic of online insurance verification.

Creating an electronic verification system is a very involved, complex process. We understand that and appreciate your efforts to include insurers as you move forward with your plans. We look forward to continuing discussions and working together toward solutions to address the number of uninsured motorists in Alabama, but we will not be able to support legislation on this issue at this time.

Thank you again for the opportunity to comment.

Regards,

Liz Reynolds, CPCU, API
Southeast State Affairs Manager