



Nick Jordan, Secretary
Donna Shelite, Director

Sam Brownback, Governor

TO: Chairman Dwayne Umbarger
Members of the Senate Transportation Committee

FROM: Donna Shelite
Director, Division of Vehicles, Department of Revenue

DATE: January 7, 2012

RE: Uninsured Motorists

Chairman Umbarger, and Members of the Committee. My name is Donna Shelite and I serve as the Director, Division of Vehicles, Department of Revenue.

Mr. Chairman, thank you for the opportunity to provide an update on our current insurance reporting program and our future needs for insurance data.

The process for providing proof of insurance used to be as simple as signing a statement at the bottom of your vehicle renewal application. In January of 2000, Kansas law changed and required vehicle owners to show proof of insurance when renewing their vehicle registration.

The method for verifying proof of insurance was a difficult, paper driven process for the county treasurer, the customer, and the insurance agent.

In 2002, the voluntary insurance reporting program was implemented with the assistance of the insurance industry. This partnership allowed electronic verification of insurance and on-line renewal of vehicle registration. The goals were to:

- Simplify the way we verified insurance
- Provide a convenient way for citizens to renew their vehicle registration
- Relieve insurance agents of the burden of faxing proof of insurance to the county treasurer's office

In 2004, the legislature passed House Bill 2545 and the mandatory insurance reporting program began in January of 2005. Keep in mind, this program was set-up to allow electronic registration renewal and was not developed to identify an uninsured motorist.

We currently receive a monthly book of business from approximately 230 companies. There are a few companies that have received an exemption from reporting because the number of policies they write is less than .01% of the market share.

The monthly book of business is sent to us in the Transaction Set 811 reporting format.

We require five fields:

1. VIN
2. Policy Number
3. Policy Transaction Code
4. Policy Expiration Date
5. NAIC Number

The VIN number is used to match the vehicle record with the insurance policy. The policy information is loaded to our insurance server and the vehicle information processing system every month. This is a complete replacement of the previous month's data. This insurance information provided by insurance companies has been helpful in supplying proof of insurance for registration renewals in our VIPS system over the years; however we were not able to use this to verify insurance in cases of uninsured motorists.

In 2008, KDOR began the DMV Modernization Project to replace the aging mainframe systems with a single, modern system that is easier to use, maintain and enhance. With the completion of the new DMV System, the need for manual, paper-driven procedures will be eliminated in many areas. However, because of the lack of a real-time insurance database and the ability to run direct queries against insurance databases, the Division of Vehicles will continue to manually handle approximately 240,000 insurance verifications annually.

Replacing the Vehicle Information Processing System with the new DMV System, which includes driver licensing, means that entities outside of the Kansas Department of Revenue such as law enforcement, courts and various other entities will be able to get accurate, real-time information when they need it.

Though the new system will allow for handling data electronically, the ability to verify insurance data on a real-time basis will not be realized until we obtain cooperation from the insurance industry and they provide the ability for direct queries of insurance company databases. This access and cooperation is a top priority for the Division of Vehicles and as Director, I will be available to assist in any capacity needed to see this accomplished.

I appreciate the opportunity to provide information about our insurance reporting program and stand ready to address any questions you may have.