

# **Final Report**

## **Online Insurance Verification Project Group**

### **December 2005**

**Project Timeframe:** September 2003 – December 2005

**Expenditure:**

FY 2004 - \$6,620

FY 2005 - \$9,198

FY 2006 - \$3,000 maximum.

(Costs were incurred in November and December 2005. Exact numbers not available at this time.)

**Background**

The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) has been discussing mandatory liability insurance and insurance reporting requirements for years. In an effort to encourage uniform reporting requirements from jurisdiction to jurisdiction, the IICMVA initiated an internal project to address this issue. This culminated in a white paper from the IICMVA called “Online insurance verification – using web services to verify auto insurance coverage.”<sup>1</sup>

The IICMVA contacted AAMVA to investigate the possibility of working together on the issue of online insurance verification. Initially IICMVA provided information to AAMVA and its membership through presentations at the different regional conferences in 2003 and 2004. In 2004, AAMVA agreed to participate with IICMVA in a project addressing online insurance verification.

To really understand the impact and consequences of this opportunity, AAMVA gathered a small group of jurisdictional experts from a variety of backgrounds and committees (including Information Technology, Law Enforcement, Driver Licensing & Control, Vehicle Registration & Titling, Legal Services, and Financial Responsibility and Insurance) to work with insurance representatives in researching the issue.

The parties met to learn more about each other’s business perspectives and to brainstorm online insurance verification concepts. As a result of the initial meeting, AAMVA and IICMVA agreed to develop business requirements for an online insurance verification system that would serve our respective business needs. These business requirements were used as a starting point for a feasibility study. AAMVA developed an online survey for its members. The purpose of this survey was to gather business requirements/needs from different U.S. motor vehicle and law enforcement business areas and package them

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<sup>1</sup> See Attachment 1 to this report.

into a comprehensive set of business requirements. The responses (26 in total) were reviewed and a set of business needs was developed and provided to IICMVA for further discussion.<sup>2</sup>

The IICMVA developed a document that incorporated business needs as well as technical requirements called “model user guide for implementing online insurance verification – using web services to verify auto insurance coverage version 1.0.”<sup>3</sup> Both groups then met to allow for AAMVA representatives to comment on the document developed by IICMVA. At the meeting, AAMVA representatives identified the following issues as still requiring attention and clarification:

- The requirements for enforcement are different for different jurisdictions, and the parameters needed by jurisdictions are not uniform. The model guide needs more flexibility to meet unique jurisdictional needs.
- IICMVA needs to more fully address jurisdictional requirements and concerns
- There needs to be more affirmation in the cooperative nature of the project rather than an independent output by the industry.

IICMVA requested participation from AAMVA representatives in its quarterly meeting to help facilitate the discussion on the IICMVA document. In order to be able to support this request AAMVA was asked to provide additional funding to the project as funding had ended at the close of FY 2005. AAMVA approved funding and two jurisdictional members represented AAMVA and its membership at the IICMVA meeting in November 2005.

### **Possible Benefits of Online Insurance Verification for Jurisdictions**

- May give jurisdictions more control over “actual” uninsured motorists
- May provide a convenient and more accurate system
- May decrease errors in insurance data
- May enhance enforcement by reducing delays in transmission
- May be used along with jurisdictions’ current systems
- May provide a supplemental method of insurance verification for jurisdictions.

### **Findings**

- There is an interest from part of AAMVA’s membership in online insurance verification.
- At least one jurisdiction (Florida) will start a pilot next year in cooperation with insurance industry and a vendor to test the feasibility of some form of online insurance verification adapted to the system already in place.
- Some jurisdictions indicated an interest in participating in a possible pilot with insurance companies.

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<sup>2</sup> See Attachment 2 to this report

<sup>3</sup> See Attachment 3 to this report

**Findings (continued)**

- IICMVA is interested in further cooperation with AAMVA and its members as pilots get under way and the concept is further refined.
- The National Association of Insurance Commissioners (NAIC) has contacted AAMVA and indicated an interest in online insurance verification and cooperation with AAMVA in possible future projects dealing with this topic.

**Recommendations**

- Encourage jurisdictions to work with IICMVA on online insurance verification
- Continue monitoring online insurance verification discussion with jurisdictions, IICMVA and NAIC
- Allow for possible future project with jurisdictions, IICMVA and NAIC.

**Attachments:**

1. Online insurance verification – using web services to verify auto insurance coverage version 1.0.
2. Jurisdictional business needs.
3. Model user guide for implementing online insurance verification – using web services to verify auto insurance coverage version 1.0.