IICMVA White Paper

Considerations for Expansion of Online Insurance Verification Systems Access Beyond Motor Vehicle Administrators, Law Enforcement and the Judiciary

Traditionally, access to insurance Online Verification (OLV) systems has been limited to employees with a state's motor vehicle administration department, law enforcement, and courts, but some state officials have recently considered statutory changes to expand the user group of OLV systems. Examples of the proposed expanded user base include representatives of banks, and other lending institutions and automobile dealerships.

The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) recommends the following conditions be met in any instances in which access to the OLV system is expanded beyond traditional users:

1. The OLV system does not expand beyond verifying that a vehicle meets the Financial Responsibility requirements of the state.
2. All OLV inquiries must be submitted through the state's OLV system.
3. The motor vehicle administration agency establishes a user approval process and periodic access review.
4. An audit process is created to verify OLV requests are only being submitted for the established business need.

1 – Capabilities of the OLV System

The OLV system has been designed to verify that a vehicle meets the financial responsibility requirements to be driven in the state. The OLV system responds with "confirmed" when the vehicle meets the financial responsibility

requirements and "unconfirmed" when these requirements cannot be confirmed.

The OLV system is <u>not</u> designed to confirm other information, such as:
- Insured drivers or vehicle operators covered by an underlying insurance policy.
- Whether a claim will be paid by the underlying insurance policy.
- The specific coverages, limits, or deductibles of the underlying insurance policy.
- The terms or conditions of the underlying insurance policy.

Expanding the scope of the OLV system would add significant cost to the insurance industry and the auto insurance policyholders of the state. In addition, it would exceed existing design solutions and could conflict with state or federal privacy laws.

2 - Submission of OLV Requests through the State's OLV system
Expansion of approved user groups must utilize the existing OLV infrastructure. It isn't feasible for the insurance industry to administer secured system connections with each entity approved by the state. Adding this responsibility to the insurance industry would result in:
- Significant administrative costs being transferred to the insurance policyholders of the state.
- Inconsistent accesses for the approved user groups. An insurance company may not be notified of an approved user, resulting in coverage not being able to be confirmed in all circumstances.
- A confirmation request needing to be sent to every licensed insurer in the state, as opposed to the last known insurer the Motor Vehicle Administration Department uses. This may result in increased network traffic and could overwhelm some insurers systems.

3 - User Access and Audit Process
Access to the state's data and insurance records should be limited to individuals with an approved business need. To enforce this requirement, an

approval process and access audit process should be developed and implemented. Through the audit process, individuals that no longer have a business need should have their access abilities removed.

4 - Audit Process of OLV Requests

Approved users should access the OLV system only for bona fide business needs. To ensure the system is used only for the defined business purpose, an audit process needs to be developed. Misuse of the system should result in accesses being revoked.

About.the.IICMVA

The IICMVA was organized by the American Association of Motor Vehicle Administrators (AAMVA) in1968 to provide consistent, industry-wide exchange among auto insurers and state motor vehicle administrators. The IICMVA is not a lobbying organization. We serve as a liaison between the insurance industry and state motor vehicle departments in the following subject areas: drivers licensing; vehicle titling/registration; motor vehicle records; compulsory insurance laws; and financial responsibility programs. IICMVA also maintains a close working relationship with AAMVA.