I. <u>Project Identification</u>

Project Title: DMV, DESPP, DOI Real Time Insurance Verification

Agency Name	**Agency Business Unit**
Department of Motor Vehicles	

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II. <u>Project Details</u>

A. <u>Project Dates</u>

Proposed Start Date (MM/DD/YYYY)   **Expected Completion Date** (MM/DD/YYYY)   **Project Duration** (in months)

07/01/2013	12/31/2014	18

B. **Project Description -** This information will be used for listings and report to the Governor and General Assembly on capital funded projects.

Real time insurance verification for all Connecticut registered vehicles – Currently law enforcement officers, DMV employees and others rely on insurance cards or Acord filings to prove a vehicle has the required insurance. These can be easily forged or outdated, e.g. the policy was cancelled after the card was issued but before the expiration date on the card. This project will establish a system that will allow insurance coverage to be verified on line in real time. This project will also benefit motorists who have insurance but have neglected to put their current insurance card in their vehicle.

C. **Summary.**

Summary - Describe the high level summary of this project in plain English without technical jargon
DMV will hire a vendor to develop and install software and any necessary hardware to provide a conduit from DESPP and DMV to automobile insurers that can be used to check to see if a vehicle is insured. The conduit will be able to check both in real time mode, e.g. when a law enforcement officer has stopped a vehicle or the vehicle is being registered and in batch mode to conduct random checks of registered vehicles to ensure they are insured.

Purpose – Describe the purpose of the project
The purpose of this project is to reduce the incidence of uninsured motorists in this state by implementing the ability to determine insurance coverage in an accurate and timely manner. Instituting this ability will also have the benefit of allowing DMV, law enforcement and other authorized individuals to check insurance coverage of any Connecticut registered vehicle, private or commercial, in real time.

Importance – Describe why this project is important
Connecticut statutes require all vehicles be insured. However, in a 2011 report, the Insurance Research Council estimated 10% of drivers in Connecticut are not. As a result, drivers who maintain the required insurance pay more to cover damages caused by uninsured motorists. As the tragic Avon mountain crash demonstrated these costs can be great. Currently Connecticut relies on insurance cards and filings from vehicle owners to prove they have coverage. The cards and filings are easily forged or may be out of date. There is no method to confirm coverage in real time.

Outcomes – What are the expected outcomes of this project
1. DMV and law enforcement personnel will have the ability to verify insurance coverage in real time. 2. DMV will be able to identify drivers whose insurance has lapsed or been cancelled in a more timely fashion. 3. DMV employees will spend less time determining if a vehicle has insurance particularly in cases where an insurance company has reported a policy has lapsed or been cancelled. 4. Lower insurance rates for the general public.

Approach and Success Evaluation – Provide details of how the success of the project will be evaluated
Success will be demonstrated by DMV and law enforcement personnel having the ability to query the status of insurance for a vehicle and receiving accurate, timely answers.

D. **Business Goals**. List up to 10 key business goals you have for this project, when (FY) the goal is expected to be achieved, and how you will measure achievement, Must have at least one. Please use action phrases beginning with a verb to state each goal. Example: "Reduce the Permitting process by 50%". In the Expected Result column, please explain what data you will use to demonstrate the goal is being achieved and any current metrics.

Business Goal (Action Phase)	Target FY for Goal	Current Condition	Expected Result
Institute real time insurance verification for passenger vehicles	FY 2015	Real time verification is not available.	Authorized individuals will be able to verify a passenger vehicle's insurance coverage in real time.
Institute real time insurance verification for commercial vehicles	FY 2015	Real time verification is not available.	Authorized individuals will be able to verify a commercial vehicle's insurance coverage in real time.
Reduce the number insurance compliance cases dismissed because there was no lapse in coverage.	FY 2015	An average of 500 cases are dismissed per month	
Reduce insurance premiums by reducing the incidence of uninsured motorists.	FY2017	Insurance Department statistics for 2009 (the most recent year available) show that CT residents spend about $200,000,000 for uninsured motorist coverage annually.	This goal is outside of the direct control of the state, but premiums should drop as the level of uninsured motorists drops.

E. **Technology Goals**. From a technical perspective, following the above example, list up to 10 key technology goals you have for this project and in which Fiscal Year (FY) the goal is expected to be achieved. Please use action phrases beginning with a verb to state each goal. Example: "Improve transaction response time by 10%".

Technology Goal	Target FY for Goal	Current Condition	Expected Result
Implement a real time insurance verification for passenger vehicles	FY 2015	This capability does not currently exist.	Authorized individuals will be able to verify a passenger vehicle's insurance coverage in real time.
Implement a real time insurance verification for commercial vehicles	FY 2015	This capability does not currently exist.	Authorized individuals will be able to verify a commercial vehicle's insurance coverage in real time.

F. **Priority Alignment.** The criteria in this table, in concert with other factors, will be used to determine project priorities in the capital funding approval process. Briefly describe how the proposed projects will align with each criterion.

Priority Criterion	Y/N	Explanation
Is this project aligned with the Governor's Key Priorities?	Yes	**Priority 1** – The system will make it easier for citizens to prove to DMV and police officers that they have vehicle insurance when they have lost or failed to update their insurance card. It could replace the statutory requirement for commercial vehicles owners to file proof of insurance with DMV. It will allow municipal officers to verify insurance coverage at roadside or when investigating accidents. **Priority 3** – The system will make it possible for police officers to verify insurance in real time during traffic stops. It will allow DMV's Insurance Compliance Unit to take quicker action to initiate cases when insurers report that a policy has been cancelled. It will also allow that unit to verify that a new policy has been issued without having to contact the motorist as is our current procedure. **Priority 5** – The system will be shared by DMV and DESPP.
Is this project aligned with business and IT goals of your agency?	Yes	DMV is always looking for ways to minimize the amount of time required for customer transactions and to make those transactions as easy as possible for the customers. As noted above this system will reduce the cases where DMV has to contact a customer so the customer can prove they have insurance coverage. DMV is currently modernizing its IT systems with the aim of eliminating our current siloed systems. This proposed system will be integrated into that effort.
Does this project reduce or prevent future increases to the agency's operating budget?	Yes	The proposed system should decrease the amount of time DMV's Insurance Compliance Unit spends verifying that a customer has insurance coverage. That should translate to reduced backlog and may free up resources to be deployed elsewhere in the agency.
Will this project result in shared capabilities?	Yes	The proposed system will be used by DMV, CSP and other state and municipal law enforcement agencies.
Is this project being Co-developed through participation of multiple agencies?	Yes	This project is a joint effort between DMV, DESPP and Dept. of Insurance.
Has the agency demonstrated readiness to manage project of this size and scope?	Yes	DMV is currently managing CIVLS, a much larger IT project, to upgrade and integrate all of DMV's IT systems. While DMV has the resources to manage the project, we don't have the resources to develop the software internally because of the IST resources CIVLS requires. For this reason we will utilize contractors to modify existing state systems and a vendor to provide the conduit to the insurance companies.
Is the agency ready to deliver the business value proposed?	Yes	DMV in partnership with DESPP and DOI is prepared to move forward with this project as part of its goal to move its operations into a real-time environment.

G. **Organizational Preparedness**. Is your agency prepared to undertake this project? Is senior management committed, willing to participate, and willing to allocate the necessary time, energy and staffing resources? How will the project be managed and/or governed and who will make the key project decisions?

> This project was initiated by the Commissioner of DMV and is supported by the Commissioners of DESPP and DOI. Most of the staffing resources required will be provided by DMV but all three agencies are allocating the necessary resources. A joint project team has been established led by DMV. Project goals and objectives have been agreed to by the project team. Key decisions will be made by the project team and approved by the agencies where appropriate.

H. **Project Ramp Up**. If capital funds are awarded for this project, how long will it take to ramp up? What are the key ramp-up requirements and have any off these already been started? For example, has a project manager been identified? Has an RFI been issued? Is a major procurement required such as an RFP?

> The agencies have already begun to work on this project. As noted above a project team has formed and project manager identified. The project team has contacted numerous states that currently have similar processes. An RFI is being drafted and will be issued soon. An RFP will likely be required.

I. **Organizational Skills**. Do you have the experienced staff with the proper training to sustain this initiative once it's a production system? Do you anticipate having to hire additional staff to sustain this? What training efforts are expected to be needed to maintain this system?

> The effort to sustain the initiative will be low. Training required to use the system will be minimal. The majority of system maintenance and updating will fall to the vendor. No additional staffing will be required in fact DMV may be able to redeploy some of its staff currently working on insurance compliance to other customer service areas.

J. **Financial Estimates.** From IT Capital Investment Fund Financial Spreadsheet

Estimated Total Development Cost	Estimated total Capital Funding Request	Estimated Annual Operating Cost	One Time Financial Benefit	Recurring Annual Financial Benefit
$900,000	$900,000	$300,000		$623,973
Explanation of Estimates				
Total development costs include purchase and installation of software and consultant costs for DESPP and DMV to modify existing state systems. Annual operating costs are vendor charges for call center operation and maintenance. Recurring annual financial benefits are primarily from fines for lapsed or dropped insurance and redeploying DMV staff to other customer service areas.				
Assumptions: Please list key assumptions you are using to estimate project development and implementation costs				
The development and operating costs are based upon similar projects done in other states.				

III. <u>Expanded Business Case</u>

A. **Project Impact.** Beyond the top business goals identified in Section II, 1) What impacts will this project
 have, if any, in the targeted areas below, 2) What would be the impact of not doing this project, 3) How will the
 project demonstrate benefits are achieved.

(1) Impact Area (Vision)	Y/N	Description of Project Impact
Will this project provide efficient and easily accessible services for all constituents?	Yes	Currently insurers report new policy changes (new policies, cancelled policies) to DMV monthly. Experience has shown companies are quicker to report cancelled policies than to report new policies. This causes DMV's Insurance Compliance Unit to initiate enforcement action for not having insurance against citizens who actually do have insurance. These citizens then have to provide evidence of insurance coverage to DMV. The proposed system will minimize these cases by proactively checking to see if a new policy has been issued without requiring contact with citizen. The system will also make verification of insurance coverage available in real time to all authorized law enforcement agencies.
Will this project promote open and transparent government with the citizens of the state?	No	
Will this project establish efficient and modern business processes?	Yes	DMV and law enforcement officers rely on information submitted in a batch format from insurers and/or information provided by motorists to verify insurance coverage or by telephone contact with an insurance agency. The batch process may take in excess of one month to complete, forms provided by motorists may be forged and the limitations of phone contact are obvious. This project establishes a real time on-line method to verify insurance coverage which will minimize the delays and problems associated with the current process.
Will this project increase accuracy and timeliness of data for policy making, service delivery and results evaluation?	Yes	See above. This project will transform a batch process with its inherent delays to a real time process.

2) What is the expected impact of NOT doing this project?
DMV staff and customers will continue to spend unnecessary time proving that the customer has the required insurance coverage. Law enforcement officers will have to continue to rely on easily forged insurance cards as evidence of insurance coverage. A recent Auditor's report states "It appears that the system the Department developed for monitoring compliance with insurance and security relative to commercial vehicles is not operating in an effective manner…". If we do not do this project DMV will have to continue to use this labor-intensive and ineffective process to track commercial vehicle insurance.

(3) How will you demonstrate achievement of benefits?
1) The ability of authorized people to verify insurance in real time   2) The reduction in the number of insurance compliance cases dismissed due to no lapse in coverage   3) Reduction in the instances where owners of commercial vehicles must file proof of insurance with DMV

B. Statutory/Regulatory Mandates. 1) Cite and describe federal and state mandates that this project in intended to address. 2) What would be the impact of non-compliance?

(1) Statutory / Regulatory Mandates:
CGS § 14-163d requires owners of certain commercial motor vehicles to file evidence with DMV that the owner has the required insurance.   CGS § 14-213b prohibits the operation of a vehicle when the insurance coverage fails to meet minimum requirements.   CGS § 38a-371 requires the owner of a private passenger motor vehicle required to be registered in this state to provide and continuously maintain throughout the registration period security in accordance with sections 38a-334 to 38a-343.

(2) Impact of non-compliance:
A recent Auditor's report states "Some owners of commercial vehicles may be operating such vehicles within the state without proper insurance or security coverage, which could put the state at risk of liability if it is determined that the Department is not exercising due diligence in its monitoring and enforcement of compliance with applicable statutes."   According to Insurance Department statistics Connecticut residents spend $200,000,000 annually for uninsured motorist coverage. This project should reduce the number of uninsured motorists in Connecticut which, in turn, should reduce the premiums for uninsured motorist coverage.

C. Primary Beneficiaries. Who will benefit from this project (citizens businesses, municipalities, other state agencies, staff in your agency, other stakeholders) and in what way?

Citizens and businesses will benefit through a reduction of filings of insurance information with DMV, reductions in citations for being uninsured when they are insured, and an eventual reduction in insurance premiums. State and local law enforcement agencies will benefit by not having to rely on insurance cards to confirm insurance coverage. DMV staff will benefit from a reduction in insurance compliance cases, by a reduction in insurance filings and by not having to rely on insurance cards to verify coverage during registration transactions.