

LATE

AUTO ACCIDENT
CHOI
LAW CENTER

SB2245 (2014) – Hrg Feb. 5, 2014 at 9:00 a.m. Rm. 229

Dear CPN Committee Honorable Chair Baker and Member Senator Slom:

I respectfully submit my testimony in support of SB2245 (2014).

Currently only one insurance company, State Farm, pays the undisputed amount of an UM/UIM policy within 30 days.

UM/UIM is a first party claim, the process should be collaborative not adversarial. If the consumer and the insurance company dispute the value of the claim, the current practice of the insurance companies is to force litigation per the insurance contract. This bill would require the insurance company to pay the undisputed amount of the policy while litigation is pending. In this manner, the insured gets some measure of relief and the disputed remainder of the policy limit is litigated.

For example, my client was in a terrible accident and was hit by a drunk driver. His own insurance company offered \$1,200 to settle his claim on a \$20,000 policy. We asked them to pay the \$1,200 so that we can litigate the remainder. Insurance refused to pay. We believed that the value of the case exceeded the policy limits and continued to demand policy limits. One year after litigation, his insurance company offered \$10,000. Again, he asked his insurance company to pay the \$10,000 and the remaining 10,000 to be litigated. Insurance

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refused again. Eighteen months later and one week before the arbitration hearing the insurance company offered the entire \$20,000.

This is common practice, not the exception. In the UM/UIM context, it is taking too long for benefits to be paid.

Consumers pay for insurance, and the process of claims is dragged out by the insurance by forcing litigation. I have many other cases wherein similar situations were faced by insureds.

The insurance companies won't tell you is that they already do in other states. Why should Hawaii citizens be forced to suffer unnecessary delay?

To help pass this bill I recommend the following changes:

Line 6 replace "fair" with "reasonable, if any,"

Line 8 delete "Fair"

Line 11 insert between "Policy" and "This" the following: "The undisputed amount paid to the claimant, shall be disclosed to an arbitrator or a judge at the commencement of the litigation, and shall be used as a credit against any award or judgment."

By analogy, let's say a consumer paid 25 cents per month for a hamburger combo policy for the "in case I get hungry" insurance plan.

Customer: Can I have my burger combo I am hungry.

Burger: Prove you are hungry.

Customer: Here, I have documentation that I have been in a coma for three days and haven't eaten anything.

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Burger: Oh really, haven't eaten anything in three days, here you go take these french fries or take nothing.

Customer: But I paid for a combo plan, a burger, fries and a drink.

Burger: Okay, then you can litigate.

Customer: Well then give me the fries for now and we can litigate the burger and drink later.

Burger: No, either take the fries and give up your rights to the burger and drink or take nothing and litigate the whole thing.

This bill would require the burger company to give the fries to the Customer. Burger retains the right to litigate burger and drink.

Very truly yours,

Auto Accident Law Center

By its: /s/ John Choi

President John Choi

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