



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
and
Senate Committee on Judiciary**

**Friday, February 21, 2020
10:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 2384, S.D. 1, RELATING TO MOTOR VEHICLES**

WRITTEN TESTIMONY ONLY

Chair Baker, Chair Rhoads, and Members of the Committees:

My name is Stephen Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department supports this bill.

The purpose of this bill is to require certain tow operators to provide a written and itemized disclosure of all charges and costs of a tow service prior to the attachment of a disabled motor vehicle to the tow truck in certain circumstances, such as after a motor vehicle accident.

Drivers are naturally distressed when they are involved in a motor vehicle accident, especially when their vehicle is damaged to the point it cannot be driven and

must be towed. Most drivers are unaware of how costly towing fees can be and are surprised when they receive an expensive towing bill after their car is towed.

The disclosure requirement in this bill will eliminate any misunderstanding between drivers and tow companies whenever a vehicle is towed from an accident scene or site where it becomes disabled due to other circumstances. The bill requires a tow operator to provide drivers a written and itemized disclosure of all costs for the tow service before the vehicle is hooked up to the tow truck. The disclosure statement must be signed by the tow operator present at the location of the disabled vehicle to prevent any disagreement relating to the cost of the tow service when the driver receives the bill. Owners of vehicles that are disabled due to a motor vehicle accident and towed pursuant to Hawaii Revised Statutes section 291C-165.5 are also required to receive the same written disclosure statement from the tow companies.

For the forgoing reasons, the Department supports the bill's desire to improve transparency in private tows by requiring tow companies to provide written estimates before the vehicle is hitched to the tow truck.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

COMMITTEE ON JUDICIARY
Senator Karl Rhoads, Chair
Senator Jarrett Keohokalole, Vice Chair

Friday, February 21, 2020
10:30 a.m.

SB 2384, SD1

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce, Consumer Protection, and Health, and Chair Rhoads, Vice Chair Keohokalole, and members of the Committee on Judiciary, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Actuarial Services, Product Development & Management for Island Insurance and Chairman of the Auto Policy committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council submits comments on this bill. While we support the intent of the bill which is to protect motor vehicle operators from unscrupulous tow operators, this bill may put the motor vehicle operator in physical harm's way and place them in a position to agree to an estimate by the tow operator under duress while not knowing whether the tow charges are reasonable or not. Finally, an agreement or alleged agreement by an insured may bind the insurer to a higher than necessary cost.

Hawaii Insurers Council is working with the bill's proponent on two issues: (1) to have the bill amended to remove any type of disclosure, agreement, or rejection by the motor vehicle

operator and instead, make towing charges statutory, and (2) to amend subsections (c) on page 3 and subsection (h) on page 8 of the bill, to include insurers and motor vehicle manufacturers who have contracts with towing companies.

Thank you for the opportunity to testify.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238 ■ Email: tdayton@geico.com
Direct: (808) 593-1875 ■ FAX (808) 593-1876 ■ Cell: (808) 341-9252

Committee on Commerce, Consumer Protection and Health

Senator Rosalyn H. Baker Chair
Senator Stanley Chang, Vice Chair

Committee on Judiciary

Senator Karl Rhoads, Chair
Senator James Keohokalole, Vice Chair



Friday, February 21, 2020 10:30 am
Room 229

Chair Baker, Vice Chair Chang, Chair Rhoads and Vice Chair Keohokalole and Members of the Committees:

My name is Timothy M. Dayton, General Manager of GEICO. Chair Baker and Vice Chair Chang, Chair Rhoads and Vice Chair Keokalole, thank you for noticing and taking up for decision making, Senate Bill 2483, SD 1. There is an important public policy concern which this bill is intended to address. ***GEICO provides motor vehicle insurance for 173,000 Hawaii households.*** GEICO pays for thousands of tows from accident scenes every year. There is a small (but growing) number of tow companies that prey upon Hawaii consumers at an accident scene, a time when most are quite vulnerable. Such towers commonly give the impression that they have been police dispatched and assure the consumer that they will bill the insurer directly. There is no disclosure of charges prior to the tow truck hooking up the vehicle and transporting it to their tow yard. When the customer's insurer attempts to retrieve the vehicle, the vehicle is

held hostage for an unreasonable amount, often thousands of dollars. Since the bill includes daily storage charges, failure to pay the bill timely leads to a rapid escalation of excessive storage charges. GEICO and other insurers have consistently paid these exorbitant charges on the part of our customers.

GEICO has numerous examples of exorbitant charges; I have attached documents from one claim file that clearly illustrates the potential for abuse. GEICO's policyholder hit a concrete median on H1. The insured later told GEICO that he believed that the police had called the tow truck that towed his vehicle from H1. However, the company is not an authorized police dispatched tower. Exhibit 1 shows the actual invoice for \$3,403.14 which GEICO paid. Exhibit 2 shows the fee schedule posted at the storage lot of the same tow company; had the company charged the rates displayed, the posted charges would have totaled approximately \$250 - \$300, a difference of over \$3,000.

This Bill is loosely patterned after legislation enacted in California. We believe that most towers will not want to go through the steps of providing the detailed estimate and disclosure and will instead adopt the charges prescribed in the Bill. We understand that the legislative process is a collaborative process. We have been working with other stakeholders to address their concerns. Moving SB 2384, SD1 forward provides us with the opportunity to continue this discussion.

GEICO very much appreciates the opportunity to present our testimony. **We support SB2384, SD 1 and respectfully urge the Committees to pass the proposal.**

Sincerely,



Timothy M. Dayton, CPCU



INVOICE
№ A-1687

Quick and Reliable Towing Service

Phone: 808- [REDACTED] yahoo.com

CHARGES FOR THE TOWING AND STORAGE OF VEHICLES

24-HOUR TOWING

Date 12/8/17 Time 12:23 PM

Charged To FAA AUCTION

Address _____

PURCHASE ORDER NO. _____

WORK ORDER NO. _____

LICENSE	YEAR	MAKE	MODEL	COLOR
[REDACTED]	<u>09</u>	<u>BMW</u>	<u>---</u>	<u>BLACK</u>

V.I.N. [REDACTED]
 TOWED FROM H7 East TOWED TO [REDACTED] ST

MILEAGE _____ DRIVER AVERY

Remarks _____

TRUCK # 106

TOW STORAGE CHARGE

STORAGE CHARGE	\$100	500
100 x 10 DAYS		
GAL. FUEL		
EXTRA MAN		
LOCK OUT		
30 FT. CABLE	\$75	2250
JUMPSTART		
TIRE CHANGE		
EN ROUTE MILES x \$		
TOWED MILES x \$		
TOW TRUCK CHARGE		500
CAR-CARRIER CHARGE		
HEAVY DUTY TRUCK		
LABOR CHARGE		
AFTER HRS. CALL OUT		
2ND TOW		
SUB TOTAL		3250
4.167% STATE TAX		153.14
TOTAL		3403.14

WAIVER

I hereby release from liability and responsibility said company and/or employee for any loss or damage to vehicles or articles incurred during towing while in storage.

Authorized Signature _____

EXHIBIT

1

INFORMATION NOTICE

Hawaii Revised Statutes § 200-101, authorizes the following rates:

Tow \$65.00 with Dolly \$75.00

Mileage Charge \$7.50 per mile

Overtime Charge \$15.00

(Tow occurs between the hours of 8:00pm - 6:00am Monday - Thursday
and from 8:00pm Friday - 6:00am Monday)

Difficult Hookup Surcharge \$30.00

(Hookup above or below ground, in multi-level facility)

Storage Charge \$25.00

per day or a fraction thereof, for the first seven days

\$20.00

per day thereafter

Department of Commerce & Consumer Affairs
(808) 587-1234

EXHIBIT 2