

MAR 13 2013

SENATE RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO CONVENE A WORKING GROUP TO EXPLORE THE USE OF ELECTRONIC TRANSMISSION OF INSURANCE NOTICES AND DOCUMENTS AND THE POTENTIAL INCREASE TO HAWAII'S MINIMUM LIABILITY COVERAGE FOR MOTOR VEHICLE INSURANCE.

1 WHEREAS, Hawaii has adopted the model Uniform Electronic
2 Transactions Act, codified as chapter 489E, Hawaii Revised
3 Statutes; and

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5 WHEREAS, chapter 489E, Hawaii Revised Statutes, excludes
6 insurance documents and notices from its purview; and

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8 WHEREAS, insurance notices and documents are currently
9 required to be in writing; and

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11 WHEREAS, although consumers have indicated a preference to
12 obtain notices and documents by electronic means, there are
13 certain questions as to the appropriate use and application of
14 electronic notices and documents; and

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16 WHEREAS, the insurance industry, like other industries, is
17 engaged in more online and internet-based sales and
18 notifications; and

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20 WHEREAS, because the insurance marketplace is in the
21 process of this change, the State is interested in exploring the
22 appropriate balance between consumer convenience and consumer
23 protection; and

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25 WHEREAS, another aspect of the insurance industry that
26 needs to be explored relates to increasing the minimum liability
27 coverage of motor vehicle insurance; and

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29 WHEREAS, since 1997, the minimum insurance requirement for
30 bodily injury liability has been \$20,000 per person with an
31 aggregate limit of \$40,000 per accident; and

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1 WHEREAS, Hawaii is one of only fifteen states that require
2 a minimum liability coverage of \$20,000 or less; and

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4 WHEREAS, Hawaii has been the nation's most profitable
5 automobile insurance market for over fifteen years; and

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7 WHEREAS, an increase in Hawaii's minimum liability coverage
8 for motor vehicle insurance may be appropriate to provide
9 appropriate levels of benefits for individuals killed or injured
10 in traffic accidents; and

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12 WHEREAS, there is concern that the increase in minimum
13 liability coverage may result in higher insurance premiums,
14 higher numbers of uninsured drivers, and other unintended
15 consequences; and

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17 WHEREAS, potential issues related to the use of electronic
18 transmission of insurance notices and documents and an increase
19 in Hawaii's minimum liability coverage for motor vehicle
20 insurance should be explored; now, therefore,

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22 BE IT RESOLVED by the Senate of the Twenty-seventh
23 Legislature of the State of Hawaii, Regular Session of 2013,
24 that the Insurance Commissioner is requested to convene a
25 working group to explore the use of electronic transmission of
26 insurance notices and documents and the potential increase to
27 Hawaii's minimum liability coverage for motor vehicle insurance;
28 and

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30 BE IT FURTHER RESOLVED that the working group be composed
31 of the Insurance Commissioner and representatives from the
32 Commission to Promote Uniform Legislation, Property Casualty
33 Insurers Association of America, Hawaii Insurers Council, and
34 State Farm Insurance Company; and

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36 BE IT FURTHER RESOLVED that the working group is also
37 requested to:

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39 (1) Develop alternatives for insurance notices and
40 documents that balance the convenience of electronic
41 notices and documents with consumer protection; and

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43 (2) Consider any corresponding reforms that may be
44 necessary to offset an increase in premiums that may



1 result from the increase in minimum liability coverage
2 of motor vehicle insurance; and
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4 BE IT FURTHER RESOLVED that the representatives on the
5 working group not be considered state employees based solely
6 upon their participation in the working group; and
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8 BE IT FURTHER RESOLVED that the working group is requested
9 to submit a final report of the working group's findings and
10 recommendations, including any proposed legislation, to the
11 Legislature no later than twenty days prior to the convening of
12 the Regular Session of 2014; and
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14 BE IT FURTHER RESOLVED that certified copies of this
15 Resolution be transmitted to the Insurance Commissioner,
16 Commission to Promote Uniform Legislation, Property Casualty
17 Insurers Association of America, Hawaii Insurers Council, and
18 State Farm Insurance Company.
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