

STAND. COM. REP. NO.

3069

Honolulu, Hawaii

MAR 22 2018

RE: H.B. No. 1876
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1876, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to allow a motor vehicle insurer to satisfy the requirement that an insurer provide a complete sales and claims office in the State through the establishment and maintenance of an office by the insurer's licensed producer.

Your Committee received testimony in support of this measure from State Farm Mutual Automobile Insurance Company and National Association of Mutual Insurance Companies. Your Committee received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs and Hawaii Association for Justice.

Your Committee finds that under existing law, insurers are required to maintain a physical sales and claims office in Hawaii to sell motor vehicle insurance. However, many products and services traditionally accessed at a physical office can now be obtained digitally through mobile smart phone or internet technology. For example, many insurance applications can now be submitted electronically, claims forms and damage photos can be



submitted digitally, and claims adjusters are now able to communicate with claimants and body shops via computer or the telephone. Accordingly, this measure is intended to modernize sales and claims handling for motor vehicle insurance by removing the requirement for motor vehicle insurers to maintain a physical sales and claims service office in the State, while still retaining the broad powers of the Insurance Commissioner to regulate how insurers engage in motor vehicle insurance sales and their claims adjusting practices.

However, your Committee has heard the concerns that Hawaii's isolated geography necessitates a field presence in the State. According to testimony from the Department of Commerce and Consumer Affairs, requiring insurers to maintain a physical presence in the State assures policyholders of convenient access and prompt claims adjustment that are not dependent on whether a mainland or other remote call center will answer a policyholder's calls. Your Committee appreciates these concerns and believes additional discussion on this measure is warranted.

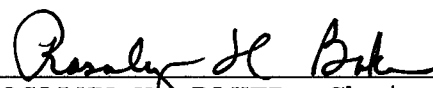
Your Committee has amended this measure by:

- (1) Specifying that licensed producers of a motor vehicle insurer that establish and maintain an office on every island the insurer does business meet the requirement for an insurer to provide a complete sales and claims office in the State; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1876, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1876, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1876 HD1	CPH	3/13/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TOKUDA, Jill N. (VC)				/
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.	/			
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes