



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

GOV. MSG. NO. 1325

July 12, 2018

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Re: HB1876 HD1 SD1 CD1

HB1876 HD1 SD1 CD1, entitled "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE" will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill would allow motor vehicle insurers the ability to satisfy their requirement under Hawaii Revised Statutes (HRS) section 431:10C-119 to maintain a local complete sales and claims office if a licensed producer maintains an office in every county where the insurer does business.

Due to Hawai'i's unique island geography, it's possible that some islands may lose the insurer's physical presence resulting in the change in requirement to one office per county. The lack of physical presence would particularly affect seniors and those who have limited Internet access. Moving towards a regional call center model could also lead to local residents having to deal with mainland personnel who lack familiarity with Hawai'i laws, local auto repair shops, hospitals, and doctors.

Nevertheless, technology is taking over the sales and claims process and leading us in the direction of reducing brick and mortar locations. Due to the customer's ability



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to select from one of many auto insurance companies, it should be up to the insurance company to determine the proper balance between technology and customer service.

For the foregoing reasons, HB1876 HD1 SD1 CD1 will become law as ACT 216, Session Laws of Hawai'i 2018, effective July 10, 2018, without my signature.

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Permitted to become law without the

Governor's signature JUL 10 2018

HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2018
STATE OF HAWAII

ORIGINAL ACT 216

H.B. NO. 1876
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that existing language in
2 the State's motor vehicle insurance code requires insurers to
3 maintain a "brick and mortar" sales and claims service office.
4 When originally written, the code did not envision the Internet,
5 cellular smart phones, or computerization. Today, many of the
6 functions once done in a physical office are being met through
7 mobile smart phone or internet technology. Insureds can now go
8 on their mobile device and purchase motor vehicle insurance or
9 file a claim. Consequently, in 2016, the legislature passed
10 legislation allowing electronic insurance cards, in addition to
11 paper insurance cards, to be used as proof of insurance for
12 motor vehicles, motorcycles, and motor scooters. The
13 legislature finds that this modernization trend can be extended
14 to sales and claims handling for motor vehicle insurers while
15 still ensuring appropriate protections for consumers. Moreover,
16 easing the sales and claims office requirements under the motor
17 vehicle insurance code will bring the motor vehicle insurance
18 code in line with the statutory requirements for other types of



1 insurers, such as other property and casualty line insurers, in
2 the State. Accordingly, the purpose of this Act is to allow
3 licensed producers of motor vehicle insurers to satisfy the
4 requirement that insurers provide a complete sales and claims
5 office in the State.

6 SECTION 2. Section 431:10C-119, Hawaii Revised Statutes,
7 is amended by amending subsection (a) to read as follows:

8 "(a) Prior to licensing an insurer to transact a motor
9 vehicle insurance business in this State, the commissioner:

- 10 (1) Shall effect a thorough examination of the insurer's
11 business experience, financial soundness, and general
12 reputation as an insurer in this and other states. In
13 the discretion of the commissioner, this examination
14 may include an examination of any or all of the
15 business records of the insurer, and an audit of all
16 or any part of the insurer's motor vehicle insurance
17 business, each to be performed by the commissioner's
18 staff or by independent consultants. No license shall
19 be issued until the commissioner is satisfied as to
20 the business experience, financial solvency, and the
21 economic soundness of the insurer;



1 (2) Except for a member-owned reciprocal insurer and its
 2 wholly owned insurer subsidiaries, as specified in
 3 subsection (c), shall require of each insurer, and
 4 determine that satisfactory arrangements have been
 5 made for, the provision of a complete sales and claims
 6 service office in the State; provided that the
 7 establishment and maintenance of an office by licensed
 8 producers of an insurer in every county the insurer
 9 does business shall meet the requirements of this
 10 paragraph; and

11 (3) Notwithstanding any other requirements of this section
 12 or of the insurance code, may require a bond in a
 13 reasonable amount and with deposits or sureties
 14 determined in the commissioner's discretion of any
 15 applicant for a license hereunder. The commissioner
 16 may, at any time, make and enforce such a requirement
 17 of any licensed insurer or self-insurer."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on July 1, 2018.



H.B. NO. 1876
H.D. 1
S.D. 1
C.D. 1

APPROVED this day of , 2018

GOVERNOR OF THE STATE OF HAWAII

HB No. 1876, HD 1, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2018
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki
Speaker
House of Representatives



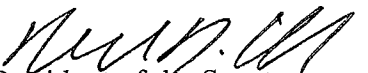
Brian L. Takeshita
Chief Clerk
House of Representatives


H.B. No. 1876, H.D. 1, S.D. 1, C.D. 1

THE SENATE OF THE STATE OF HAWAI'I

Date: May 1, 2018
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawai'i, Regular Session of 2018.


President of the Senate


Clerk of the Senate