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**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN SUPPORT OF S.B. 765**

Tuesday, February 4, 2015

9:00 am

To: Chairperson Rosalyn Baker and Members of the Senate Committee on Commerce and Consumer Protection:

My name is Bob Toyofuku and I am presenting testimony on behalf of the Hawaii Association for Justice (HAJ) in SUPPORT of S.B. No. 765.

This bill protects consumers by making sure that insurance companies pay benefits that an insurance company admits are owed to the consumer.

Consumers pay premiums to insurance companies for financial protection in the event that they are injured in an accident. Of course, the consumer must pay the insurance company's premium on time or their insurance coverage, and the financial protection the policy provides, is cancelled. All that the consumer receives in return is a promise from the insurance company that it will fairly pay the consumer's claim in the event of an accident.

Unfortunately, with increasing regularity, some insurance companies refuse to pay customers' benefits that are admittedly owed so that the insurance company can financially leverage the consumer into abandoning disputed claims. By way of example, an insurance customer is injured and makes a claim for \$100 of benefits. The insurance determines that the customer is obviously due \$60 but disputes that the customer is due the additional \$40 in benefits. Instead of paying the \$60 that is admittedly due, the insurance company refuses to pay the \$60 unless the consumer agrees to give up their claim for the remaining \$40 in benefits.

By definition, consumers are making these claims after an accident. Many times, the consumer is unable to pay rent, buy food or is somehow unable to make ends meet. An insurance company that refuses to pay benefits that are admittedly owed forces the financially

strapped consumer to give up the remainder of their claim and accept the insurance company's offer.

Some insurance companies take a much fairer and appropriate approach. When the insurance company determines that the consumer is obviously due the \$60, the \$60 is paid to the consumer and the disputed \$40 claim is submitted to arbitration. This allows the consumer to obtain the financial protection that is undisputed without being forced to give up the remainder of their claim.

This bill would make clear that any insurance company who sells insurance to Hawaii's consumers must make payment within 30 days of all benefits which the insurance company admits are owed to the consumer. This bill promotes fairness and protects consumers from insurance companies that would try to financially intimidate consumers into accepting any offer made by the insurance company.

In addition, it is requested that the measure be amended to clarify that any dispute may be resolved as provided by current law as well as through the "provisions in the motor vehicle insurance policy," to make clear current statutory procedures remain available to the parties. The phrase "or as provided by law;" should be added on page 1, line 13, after "provisions in the motor vehicle insurance policy."

Thank you for the opportunity to present this testimony and feel free to contact me if you have any questions on this issue.