

Honolulu, Hawaii

March 22, 2006

RE: S.B. No. 3072
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3072, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to streamline the procedure for adjusting a charge when an insurer receives a request for payment from a medical service provider under the personal injury protection (PIP) provisions of a motor vehicle policy and finds that the charge exceeds the maximum amount permitted by law.

The Insurance Commissioner (Commissioner) of the Department of Commerce and Consumer Affairs, Consumer Lawyers of Hawaii, Hawaii Insurers Council, and State Farm Insurance Companies supported this bill.

Your Committee finds that this bill addresses a Hawaii Supreme Court decision that characterizes an insurer's adjustment of a PIP charge that exceeds statutory limits, as a denial of benefits, thus requiring notice of the "denial" to be mailed to the provider and in triplicate copies, to the claimant.



This bill allows an insurer to treat the adjustment as an adjustment, and gives the provider and claimant the right to request a written explanation of the adjustment. The bill does not affect the provider's, insurer's, or claimant's right to submit the dispute to the Commissioner, arbitration, or the courts.

Your Committee has amended this bill by making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3072, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3072, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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



ROBERT N. HERKES, Chair



