

STAND. COM. REP. NO. **2680**

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2091
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,
to which was referred S.B. No. 2091 entitled:

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

begs leave to report as follows:

The purpose of this measure is to establish a named driver
exclusion in the Hawaii Motor Vehicle Insurance Act.

Testimony in support of the measure was submitted by the
Hawaii Insurers Council, the Property Casualty Insurers
Association of America, and four individuals. State Farm
Insurance Companies, the Hawaii Independent Insurance Agents
Association, King & Neel, Inc., Hawaii Medical Service
Association, Hawaii Association of Health Plans, and Consumer
Lawyers of Hawaii opposed the measure.

This bill will allow an insured to exclude household members,
who have a driving history that would cause the insured's rates to
increase drastically, from the insured's coverage. The insured
need only pay the reasonable rate associated with those household
members who are actually driving the vehicle, which is fair and
equitable to the insured and the insurance company.

Your Committee finds that this measure provides a choice, not
a mandate, and will allow some consumers to be able to afford to
purchase motor vehicle insurance who cannot do so today, thereby
resulting in a higher percentage of insured vehicles on the road.



Your Committee further finds, based on the testimony received, that H.B. No. 1967 contains preferable language to effectuate the purposes of S.B. No. 2091. In particular, H.B. No. 1967:

- (1) Provides that an insurer may exclude a designated driver from coverage, rather than offer to exclude all coverage under a policy;
- (2) Refers to "motor vehicle insurance policy" rather than "no-fault policy"; and
- (3) Specifies that the primary named insured, rather than any insured on the policy, shall acknowledge the exclusion of a designated driver and agree to any subsequent reinstatement of coverage for that driver.

Your Committee has amended the measure to:

- (1) Substitute the language of Section 1 of H.B. No. 1967 for the language of Section 3 of S.B. No. 2091;
- (2) Add a savings clause for the rights and duties, penalties, and proceedings begun before the effective date of the measure;
- (3) Change the effective date of the measure to July 1, 2050, for purposes of further discussion; and
- (4) Make technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2091, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2091, 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 Housing,



RON MENOR, Chair



