

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 58  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Judiciary and Government Operations, to which was referred S.B. No. 58, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow automobile insurers to exclude specified household members from coverage under an automobile insurance policy.

Your Committee finds that broad motor vehicle insurance coverage is generally consistent with public policy. The Hawaii Supreme Court has construed Hawaii law to the effect that a relative of a named insured, even if temporarily absent and living elsewhere, is nevertheless a resident of the named insured's household and therefore is covered under the named insured's policy. See *Mikelson v. United Services Automobile Ass'n*, 107 Hawai'i 192, 111 P.3d 601 (2005). This broad interpretation of coverage may from time to time result in severe hardship to certain consumers. Under this broad interpretation of coverage, it is possible that an insured with a good driving record may be unable to find affordable insurance coverage, if the insured resides with a relative who has an extensive history of serious moving violations or costly insurance claims.

Your Committee has amended this measure by:



- (1) Adding to the prescribed endorsement language, a section to require the signed acknowledgement of the excluded driver;
- (2) Making the excluded driver eligible for an assigned claim in the event of an accident;
- (3) Prohibiting an excluded person from operating a motor vehicle and providing penalties;
- (4) Prohibiting the insured driver from permitting an excluded person to drive the insured vehicle and providing penalties;
- (5) Excluding from assigned claims a named insured who has rejected in writing the offer of uninsured motorist coverage;
- (6) Deleting reference to non-applicability to commercial vehicles; and
- (7) Changing the effective date to July 1, 2050 to continue discussions in this matter and repealing this measure on an unspecified future date.

As affirmed by the record of votes of the members of your Committee on Judiciary and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 58, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 58, S.D. 2.

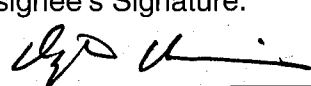
Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Government Operations,

  
BRIAN T. TANIGUCHI, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Judiciary and Government Operations**  
**JGO**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 58, SD1	CPN, JGO	3/2/09		
<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
TANIGUCHI, Brian T. (C)	✓			
TAKAMINE, Dwight Y. (VC)	✓			
BUNDA, Robert				✓
GABBARD, Mike	✓			
NISHIHARA, Clarence K.	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	5	0	0	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