

STAND. COM. REP. NO. 1111

Honolulu, Hawaii

March 24, 2009

RE: S.B. No. 58
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 58, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to increase the fairness and affordability of automobile insurance in Hawaii by allowing automobile insurers to exclude specified household members from coverage under an automobile insurance policy.

The Hawaii Association for Justice and State Farm Insurance Companies testified in support of this bill. The Property Casualty Insurers of America testified in opposition to this measure. The Hawaii Insurers Council opposed this bill in part. The Department of Commerce and Consumer Affairs provided comments on this measure.

Current Hawaii law provides that all drivers who use an automobile are covered by the insurance policy under which that car is covered as long as the person has permission to operate the vehicle. This is to ensure that there is insurance to protect others who may sustain property damage or personal injury in an accident. However, this can often be detrimental to households in Hawaii with multiple drivers covered under one policy. As insurance companies assign risks to a policy based upon the risk of individuals covered under that policy and establish insurance

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premiums based upon that risk, the careless actions of one driver will cause the premiums for that entire household to increase. Allowing for the exclusion of these high risk drivers from coverage under insurance policies will allow the good drivers covered under the policy to maintain fair premium levels for their automobile insurance coverage.

However, your Committee understands the concerns raised regarding the application of the exclusion endorsement to a particular vehicle and the burden and confusion this may cause when a vehicle is sold or a new vehicle purchased. Accordingly, your Committee has amended this measure by clarifying language in the driver exclusion endorsement to make the exclusion of the driver applicable to the insurance policy a vehicle is covered under rather than to each particular vehicle a driver is prohibited from driving.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 58, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 58, S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

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Record of Votes of the Committee on Transportation

Bill/Resolution No.: SB 58, SD2	Committee Referral: TRN, CPC/JUD	Date: 03/16/2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input checked="" type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. AWANA, Karen Leinani (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HANOHANO, Faye P.	/			
5. KEITH-AGARAN, Gilbert S.C.				/
6. LEE, Marilyn B.	/			
7. NAKASHIMA, Mark M.	/			
8. RHOADS, Karl	.	/		
9. SAIKI, Scott K.				/
10. TAKUMI, Roy M.	/			
11. YAMASHITA, Kyle T.	/			
12. PINE, Kymberly Marcos				/
TOTAL (12)	8	1	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>Karen Awana</i>				
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