

STAND. COM. REP. NO. **469**

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 124
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 124 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to allow an insurer to cancel or refuse to renew a policy of motor vehicle insurance if the policy is transferred to a subsidiary or affiliate of the insurer and the premium rate is reduced.

Your Committee received testimony in support of this measure from State Farm Insurance Companies. Your Committee received testimony in opposition to this measure from the Insurance Commissioner of the Department of Commerce and Consumer Affairs.

Your Committee finds that this measure will exempt insurers from general prohibitions on cancelling or not renewing policies of motor vehicle insurance when the purpose of the cancellation or nonrenewal is to replace the existing policy with a new policy with terms and conditions that are more favorable to the insured. Your Committee further finds that this exemption preserves the consumer-protection intent of the current law's general prohibition on cancellation or nonrenewal of motor vehicle insurance by allowing cancellations or nonrenewals of motor vehicle policies for the purpose of providing policies with more favorable terms and lower costs. Finally, your Committee notes that the language of this measure represents consensus between



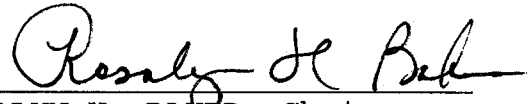
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representatives of the motor vehicle insurance industry and the State's regulatory agency.

Your Committee has amended this measure by deleting its contents and replacing them with a new provision to be added to article 10C of chapter 431, Hawaii Revised Statutes, specifying that the exemption to the general prohibition on cancellation or nonrenewal of motor vehicle insurance applies narrowly to cases where a policy is cancelled or not renewed so that it may be replaced by a policy with terms, including cost, that are more favorable to the consumer.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 124, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 124, S.D. 1, and be placed on the calendar for Third Reading.

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

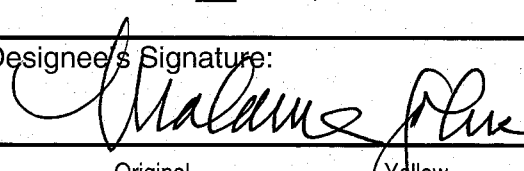


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 124	Committee Referral: CPN	Date: 2-17-11		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes