



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
INTERIM DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON TRANSPORTATION

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Monday, February 7, 2011
9 a.m.

TESTIMONY ON HOUSE BILL NO. 158 – RELATING TO UNINSURED MOTOR VEHICLES.

TO THE HONORABLE JOSEPH SOUKI, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department takes no position and offers the following comments.

The purpose of this bill is to amend the Hawaii Motor Vehicle Insurance Law, Article 10C, Hawaii Revised Statutes ("HRS") chapter 431, by (1) adding a new section that limits the right to sue for operators or passengers of an uninsured motor vehicle; and (2) repealing HRS § 431:10C-118, which imposes a \$1,000 fee in lieu of any fine for failing to obtain motor vehicle insurance.

As proposed, drivers of uninsured vehicles would be unable to bring an action for damages for their injuries or death, while passengers in uninsured vehicles would only be able to sue the driver for their injuries or death, irrespective of whether drivers or passengers knew the vehicle was uninsured.

Injured drivers or passengers with no reasonable belief that the vehicle was uninsured may still be able to apply to the assigned claims program, pursuant to HRS § 431:10C-408.

The Motor Vehicle Insurance Benefits Task Force ("Task Force") previously looked at "no pay, no play" provisions. In weighing the minimal reduction in premium against the presumably punitive nature of such a provision, the Task Force did not recommend the adoption of a "no pay, no play" provision.

We thank this Committee for the opportunity to present testimony on this matter.

**HOUSE COMMITTEE ON
TRANSPORTATION**

February 7, 2011

House Bill 158 Relating to Uninsured Motor Vehicles

Chair Souki and members of the House Committee on Transportation, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders.

We support the concept behind House Bill 158 Relating to Uninsured Motor Vehicles. However, we believe that the measure should be amended to allow for special damages from an at fault driver, even if the driver who is uninsured is injured. Secondly, we do not believe that the occupants of an uninsured vehicle, who do not know the vehicle is uninsured or are underage minors, should be prohibited from filing claims. Nor do we believe that claims for vehicle defects or negligent road design should be insulated because the driver was uninsured. We strongly urge the committee to copy the California law in effect for years now, as an appropriate model.

Thank you for the opportunity to present this testimony.



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance

1415 L Street, Suite 670, Sacramento, CA 95814 Telephone 916-449-1370 Facsimile 916-449-1378 www.pciaa.net

February 7, 2011

To: The Honorable Joseph M. Souki, Chair
Transportation Committee

From: Samuel Sorich, Vice President

Re: **HB 158 – Relating to Uninsured Motor Vehicles**
PCI Position: Support

Date: Monday, February 7, 2011
9:00 a.m.; Conference Room 309

Aloha Chair Souki and Committee Members,

The Property Casualty Insurers Association of America (PCI) supports HB 158 because the bill furthers the goal of equity in the auto insurance system and because the bill encourages drivers to comply with the legal requirement to obtain insurance coverage.

HB 158 would prevent a driver of an uninsured vehicle from recovering damages related to an accident involving the vehicle. HB 158 addresses an inequitable characteristic in current law. Under current law, an uninsured driver is allowed to benefit from someone else's compliance with the law while simultaneously denying that same benefit to anyone who has the misfortune of being hit by the uninsured driver. HB 158 makes sure that a driver must participate in the auto insurance system in order to draw benefits from the system.

HB 158 has the added value of encouraging drivers to obey the law. Knowing that they will be denied benefits if they are hurt in auto accidents will convince drivers to comply with the requirement to insure their vehicles.