

# SB 123

**Measure Title:** RELATING TO INSURANCE RECORDS.

**Report Title:** Insurance; Insurance Producers; Record Requirements

**Description:** Exempts insurance producers from keeping records of insurance transactions for motor vehicle and homeowners' insurance contracts where records are customarily maintained in the offices of the insurer.

**Companion:**

**Package:** None

**Current Referral:** CPN



NEIL ABERCROMBIE  
GOVERNOR

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LT. GOVERNOR

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TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Tuesday, February 15, 2011  
9 a.m.

**TESTIMONY ON SENATE BILL NO. 123 - RELATING TO INSURANCE RECORDS**

TO THE HONORABLE ROSALYN BAKER AND MEMBERS OF THE COMMITTEE:

My name is Gordon I. Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department").

The Department opposes this measure.

The purpose of this bill is to amend Hawaii Revised Statutes ("HRS") § 431:9A-123(c) by exempting "motor vehicle, or homeowners" producers from maintaining records of their transactions in their offices. Current exemptions from this requirement are currently given to "life or accident and health or sickness insurance if the records of such insurance are customarily maintained in the office of the insurer."

Motor vehicle and homeowner policyholders need quick access to their policies when filing claims when the needs arise. The availability of their policies in a local office with their producers is extremely beneficial to policyholders who seek quick access to information and immediate answers to their questions rather than waiting for responses from out-of-state offices. For this reason, motor vehicle and homeowner producers should not be exempt from this requirement.

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**DCCA Testimony of Gordon I. Ito**  
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We thank this Committee for the opportunity to present testimony on this matter and respectfully request that this bill be held in this Committee.

**SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION**

February 15, 2011

Senate Bill 123 Relating to Insurance Records

Chair Baker and members of the Senate Committee on Commerce and Consumer Protection, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders.

State Farm supports Senate Bill 123 Relating to Insurance Records. The availability and proliferation of records maintained electronically makes the retention of physical paper records unnecessary. Therefore we support this measure.

We are requesting an amendment based upon discussions with the industry and the Insurance Commissioner. A revised SD1 is attached which represents a consensus of interested individuals.

Thank you for the opportunity to present this testimony.

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# A BILL FOR AN ACT

RELATING TO INSURANCE RECORDS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 431:9A-123, Hawaii Revised Statutes, is  
2 amended by adding a new subsection (d) to read as follows:

3           "(d) This section shall not apply to motor vehicle or  
4 homeowners insurance if the records required of such insurance  
5 transaction are maintained electronically and is accessible by  
6 the producer and available within one business day."

7           SECTION 2. New statutory material is underscored.

8           SECTION 3. This Act shall take effect upon its approval.

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**Alison Powers**  
Executive Director

## TESTIMONY OF ALISON POWERS

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SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair  
Senator Brian T. Taniguchi, Vice Chair

Tuesday, February 15, 2011  
9:00 a.m.

### **SB 123**

Chair Baker, Vice Chair Taniguchi, and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council has no objections to the bill as written. However, in light of the Insurance Commissioner's objections to the bill before you, Hawaii Insurers Council agrees to the language proposed as follows by the Insurance Commissioner, which adds a new subsection:

"Section 431:9A-123

d) This section shall not apply to motor vehicle or homeowners insurance if the records required of such insurance transaction are maintained electronically and is accessible by the producer and available within one business day."

Thank you for the opportunity to testify.