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TO THE HOUSE COMMITTEE ON CONSUMER  
PROTECTION & COMMERCE

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011

Monday, March 28, 2011  
2 p.m.

**TESTIMONY ON SENATE BILL NO. 124, S.D. 1 - RELATING TO INSURANCE**

TO THE HONORABLE ROBERT HERKES, CHAIR, 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 supports this version of the bill.

The purpose of this version of the bill is to add a new section to the Motor Vehicle Insurance Law, Article 10C of the Insurance Code, Hawaii Revised Statutes ("HRS") chapter 431, which allows motor vehicle insurers to replace an insured's policy upon expiration of the existing policy with a new policy through its affiliate or subsidiary, when the replacement policy provides the same or better coverage at a lower premium than the existing policy.

The Department believes that this measure will serve the public interest by providing lower motor vehicle insurance premiums to consumers for the same or improved policy coverage and by lowering the burden on insurers of complying with statutory provisions limiting policy cancellations and nonrenewals.

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

**HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE**

March 28, 2011

Senate Bill 124, SD 1 Relating to Insurance

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

State Farm supports Senate Bill 124, SD 1 Relating to Insurance, which allows an insurer to cancel or refuse to renew a motor vehicle policy when that motor vehicle policy is transferred to a subsidiary or affiliate of the insurer, if the transfer results in a reduced premium rate. State Farm believes that the provision of a reduced premium for a policyholder is a positive consumer protection concept and urges the committee to approve this measure.

Senate Draft 1 of this bill represents a consensus of the industry and the Insurance Commissioner. We respectfully request passage of Senate Bill 124, SD 1 as drafted.

Thank you for the opportunity to present this testimony.