

Honolulu, Hawaii

Jan 31, 2012

RE: H.B. No. 1688
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1688 entitled:

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

begs leave to report as follows:

The purpose of this measure is to protect the health, safety, and welfare of motorists in Hawaii by increasing the minimum insurance requirement for bodily injury liability coverage.

The Hawaii Association for Justice and a concerned individual testified in support of this measure. The Property Casualty Insurers Association of America, State Farm Insurance Companies, USAA, and a concerned individual testified in opposition to this measure. The Department of Commerce and Consumer Affairs and Hawaii Insurers provided comments.

Bodily injury liability coverage was instituted to provide benefits to individuals who were injured or killed by careless drivers in traffic accidents. Presently, the minimum insurance requirement for bodily injury is \$10,000 for bodily injury or death involving one person and \$20,000 for bodily injury or death involving two or more persons. The low minimum coverage was established because of skyrocketing premiums in the 1990s that had driven the cost of automobile insurance to levels that the general public could not afford. By keeping insurance costs low, it was believed that fewer drivers would opt for driving uninsured.



Unfortunately, the minimum coverage amounts have been considered by some to be inadequate.

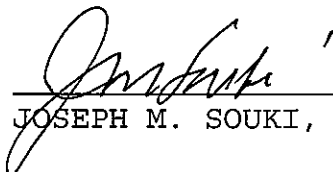
However, changing times have brought changes to the automobile insurance industry and the cost of automobile insurance has dropped to historic lows becoming extremely affordable. Increasing the minimum insurance requirement for bodily injury will allow for the provision of more adequate benefits to individuals injured or killed in traffic accidents while having a minimal effect on the increase in insurance premiums.

Nevertheless, your Committee does note the concerns raised by the insurance industry that establishing the minimum insurance requirement for bodily injury at too high of an amount may raise insurance premiums to a level that may affect those individuals who can barely make payments on their basic motor vehicle insurance premiums. Higher premiums may force those individuals to join the pool of uninsured drivers. Your Committee has amended this measure by reducing the amount of the increase in the minimum insurance requirement for bodily injury liability to:

- (1) \$50,000 for bodily injury or death involving one person; and
- (2) \$100,000 for bodily injury or death involving two or more persons.

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 H.B. No. 1688, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1688, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 15-12

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1688	Committee Referral: TRN, CPC, FIN	Date: 1/25/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input 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. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. OKAMURA, Tom	/			
8. SAIKI, Scott K.	/			
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling		/		
TOTAL (12)	11	1		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Linda Chingme</u>				
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