

Honolulu, Hawaii

Feb 10, 2012

RE: H.B. No. 2507
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 Housing, to which was referred H.B. No. 2507 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to make it easier for Hawaii homeowners to purchase homeowners insurance by:

- (1) Requiring the Insurance Commissioner to:
 - (A) Publish annually, a listing of homeowners insurers and homeowners insurance premium rates in a newspaper of general circulation in the State;
 - (B) Make information on homeowners insurance premiums available to the public by request; and
 - (C) Specify on a notice of disapproval of a rate filing the actuarial, statutory, and regulatory basis for disapproving the filing;
- (2) Authorizing the Insurance Commissioner to establish interim rates to protect the interests of the insurer and its policyholders and ensure the solvency of the insurer when the Insurance Commissioner issues a written notice of disapproval of a filing;



- (3) Authorizing an insurer to petition for a contested administrative hearing after disapproval of a rate filing; and
- (4) Authorizing an advisory organization to make rate filings and otherwise act on behalf of an insurer.

The Department of Commerce and Consumer Affairs testified in support of this measure. Actuarial Services for Island Insurance Companies, American Insurance Association, the Property Casualty Insurers Association of America, and the National Association of Mutual Insurance Companies opposed this measure. State Farm Insurance Companies, Hawaii Insurers Council, and First Insurance Company of Hawaii, Ltd., commented on this measure.

Your Committee has amended this measure by:

- (1) Requiring the Insurance Commissioner to publish by electronic means, a listing of homeowners insurers and homeowners insurance premium rates;
- (2) Requiring motor vehicle insurers to provide, upon the Insurance Commissioner's request, motor vehicle insurance premium information to the Insurance Commissioner within 30 days of the request and requiring the Insurance Commissioner to publish this information by electronic means;
- (3) Authorizing the Insurance Commissioner to adjust filed rates upon a finding that a rate is excessive, inadequate or unfairly discriminatory, subject to specified notice and hearing requirements;
- (4) Repealing the authority of the Insurance Commissioner to reduce and adjust rates prospectively for any class or type of mandatory coverage or optional additional motor vehicle insurance coverage for any insurer or group of insurers if the rates are excessive, inadequate, or unfairly discriminatory; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2507, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2507, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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


RIDA T.R. CABANILLA, Chair



