

Honolulu, Hawaii  
**Jan 25**, 2012

RE: H.B. No. 994  
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 Labor & Public Employment, to which was referred H.B. No. 994 entitled:

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

begs leave to report as follows:

The purpose of this measure is to ensure uniformity and fairness in the covered loss deductible provision of the insurance code by excluding benefits paid or incurred under the workers' compensation law in automobile accident cases from the covered loss deductible requirements.

The Hawaii Association for Justice testified in support of this bill. A concerned individual testified in opposition to this measure. The Department of Commerce and Consumer Affairs provided comments.

The purpose of the covered loss deductible provision of Hawaii's insurance code is to set reasonable standards for litigation of legitimate claims and to discourage frivolous lawsuits in automobile accident cases by deducting the amount of medical expenses from injury awards. This prevents a claimant who already received a recovery for medical expenses from an automobile insurer under personal injury protection medical coverage provisions of an automobile insurance policy from receiving an additional windfall in recovery for medical expenses in injury awards.

HB994 HD1 HSCR LAB HMS 2012-1343



Your Committee finds that in automobile accidents involving an individual covered under workers' compensation insurance, the workers' compensation policy and not the personal injury protection medical coverage of an automobile insurance policy pays for medical expenses incurred as a result of the accident. Furthermore, under Hawaii's workers' compensation law, the accident victim must repay the workers' compensation insurer for medical, wage loss, and permanent disability payments paid for by the workers' compensation insurer if a judgment, settlement, or award is given to the victim, with payment being deducted from the judgment, settlement, or award.

Your Committee also finds that under current law, the personal injury protection medical coverage of an automobile insurance policy is allowed to deduct the amount of medical expenses from a judgment, settlement, or injury award.

The current workers' compensation reimbursement requirements unfairly require an automobile accident victim who is injured while working to pay twice for the cost of medical services: once under the covered loss deductible provision and a second time under the workers' compensation law. This measure addresses this inequity.

Your Committee has amended this measure by changing its effective date to January 1, 2013.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 994, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 994, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



---

KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HD 994	Committee Referral: LAB & CPC	Date: 1-20-2012		
<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)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	✓			
2. YAMASHITA, Kyle T. (VC)	—			
3. AQUINO, Henry J.C.				—
4. CULLEN, Ty	—			
5. ICHIYAMA, Linda	—			
6. LEE, Marilyn B.				—
7. LUKE, Sylvia	—			
8. OKAMURA, Tom				—
9. SAIKI, Scott K.				—
10. SOUKI, Joseph M.	—			
11. TAKUMI, Roy M.	—			
12. FONTAINE, George R.	—			
13. JOHANSON, Aaron Ling	—			
TOTAL (13)	9	—	—	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution:            Original (White) – Committee            Duplicate (Yellow) – Chief Clerk's Office            Duplicate (Pink) – HMSO				