

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 994

H.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 994, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent 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.

Your Committee received testimony in support of this measure from the Hawaii Association for Justice. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that the covered loss deductible provision of Hawaii's insurance code sets reasonable standards for litigation of legitimate claims and discourages 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.

Your Committee further 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. Under existing 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. However, the personal injury protection medical coverage of an automobile insurance policy is also allowed to deduct the amount of medical expenses from a judgment, settlement, or injury award. This measure addresses this double reduction of awards by excluding benefits paid or incurred under the workers' compensation law in automobile accident cases from the covered loss deductible requirements.

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

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HB 994 HD1	Committee Referral: JDL, CPN	Date: 3/13/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam	✓			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes