

STAND. COM. REP. NO. 3164

Honolulu, Hawaii

APR 04 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 Commerce and Consumer Protection, 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 comments on this measure from the Department of Commerce and Consumer Affairs and Property Casualty Insurers Association of America.

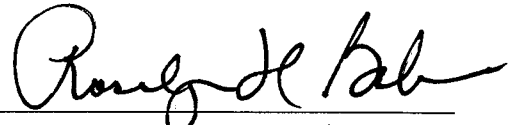
Your Committee finds that under the covered loss deductible provision of Hawaii's motor vehicle insurance laws, a motor vehicle insurance claimant's recovery is reduced by \$5,000 or the amount of personal injury protection benefits incurred, whichever is greater, up to the maximum limit. The purpose of the covered loss deductible is to set a reasonable standard for litigation of legitimate claims and discourage frivolous lawsuits in automobile accident cases, by preventing 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.



According to previous testimony on this measure, under existing workers' compensation laws, an automobile 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 allowed to deduct the amount of medical expenses from a judgment, settlement, or injury award. Your Committee further finds that 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 Commerce and Consumer Protection 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 Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



