



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310

P.O. Box 541

HONOLULU, HAWAII 96809

Phone Number: 586-2850

Fax Number: 586-2856

[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

KEALI'I S. LOPEZ  
DIRECTOR

TO THE HOUSE COMMITTEE ON TRANSPORTATION

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Wednesday, February 8, 2012  
9 a.m.

**TESTIMONY ON HOUSE BILL NO. 2730 – RELATING TO MOTOR VEHICLE  
INSURANCE.**

TO THE HONORABLE JOSEPH M. SOUKI, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
("Department"). The Department opposes this bill.

This bill proposes to have the insurance company retain the policyholder's  
unearned pre-paid premiums unless the cancellation is due to one of the four reasons.  
A person who pre-pays 6 or 12 months premium would be hit with a significant penalty.  
However, the bill does not address the situation where the policyholder has taken out a  
premium finance plan with the insurer or a bank.

The bill is inconsistent with existing law. HB 2730 creates a disparity in treatment  
between the pre-payer and the person who pays premiums each month. The monthly  
payer, pursuant to HRS § 431:10C-109, need only turn in their motor vehicle insurance  
card in order to avoid any penalty. They do not need to justify their cancellation.

We thank this Committee for the opportunity to present testimony on this matter  
and respectfully request that the Committee hold this bill.