



**Property Casualty Insurers
Association of America**

Shaping the Future of American Insurance
1415 L Street, Suite 670, Sacramento, CA 95814-3972

LATE

To: The Honorable Rosalyn H. Baker, Chair
Senate Commerce and Consumer Protection Committee

From: Samuel Sorich, Vice President

Re: **SB 1189 – Motor Vehicle Policy Coverage**
PCI Position: Oppose

Date: Thursday, February 24, 2011
9:00 a.m.; Conference Room 229

Aloha Chair Baker and Members of the Committee:

The Property Casualty Insurers Association of America is opposed to SB 1189 because the provisions and the intent of the bill are unclear.

The provisions of SB 1189 are difficult to understand. One proposed amendment to subsection (d) of HRS §431:10C-301 would require the "insured" to offer uninsured motorist coverage (UM) and underinsured motorist coverage (UIM). That proposed amendment is either a drafting error or a reflection of an intent to make a significant change to the statute. SB 1189 would leave in place the provisions in subsection (b) of HRS §431:10C-301 that require the offer of UM and UIM coverages to be made, but, at the same time, the bill would repeal subsection (e) of the statute which pertains to the effect and the proof for the rejection of the UM/UIM offer. There is no apparent consistency or logic to these changes.

There is an established body of law on the Hawaii statutes governing UM and UIM coverages. SB 1189 would add confusion to this established law. Enactment of the bill would foster uncertainty among consumers and insurers regarding whether coverage exists. The inevitable result would be costly litigation.

Based on the problems with the bill as drafted and potential litigation that would be generated by the bill, PCI respectfully requests the Committee to hold SB 1189.