

SB 2006

Measure Title: RELATING TO INSURANCE.

Report Title: Insurance; Rate Filings

Description: Amends rate filing requirements for general casualty and property insurance. Allows general casualty insurance rate filings or property insurance rate filings in which the average rate of increase or decrease is no more than an unspecified per cent to be filed on a use and file basis. Limits insurers filing under this exception to one filing per calendar year. Requires insurers to send written notice of intent to increase rate to existing policyholders.

Companion:

Package: None

Current Referral: CPN

Introducer(s): BAKER

| Sort by Date | | Status Text |
|-------------------------|---|---|
| 1/18/2012 | S | Introduced. |
| 1/18/2012 | S | Passed First Reading. |
| 1/18/2012 | S | Referred to CPN. |
| 1/27/2012 | S | The committee(s) on CPN has scheduled a public hearing on 02-02-12 9:00AM in conference room 229. |



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

**STATE OF HAWAII
INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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KEALI'S. LOPEZ
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GORDON I ITO
INSURANCE COMMISSIONER

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Thursday, February 2, 2012
9:00 a.m.

TESTIMONY ON SENATE BILL NO. 2006 – RELATING TO INSURANCE.

TO THE HONORABLE ROSALYN H. BAKER, 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 offers the following comments on this bill.

The purpose of this bill is to modernize Hawaii's rate filing process for general casualty and property insurance by permitting rate change filings that fall within an unspecified percentage to be made on a file and use basis.

Currently, insurers must obtain prior approval from the Commissioner of any property and casualty rate change, including rate reductions. While the Department recognizes that the limited "file and use" procedure proposed in this bill may result in lower administrative costs for insurers and a more efficient marketplace, the Department cannot support any automatic rate increases. Moreover, the Department cannot support this bill without knowing the exact percentage being proposed.

We thank this Committee for the opportunity to present testimony on this matter.

**SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

February 2, 2012

Senate Bill 2006 Relating to Insurance

Chair Baker and members of the Senate Committee on Commerce and Consumer Protection, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders. State Farm supports Senate Bill 2006 Relating to Insurance.

State Farm has supported flex filing. In 2005, the Insurance Division led a task force to review the NCOIL Property-Casualty Modernization Act. The task force filed its report prior to the 2006 legislative session and found that the NCOIL Model had not been adopted and thus could not recommend adoption. GEICO, Progressive Casualty Insurance Company, Property Casualty Insurers Association of America, National Association of Mutual Insurance Companies, and State Farm supported the NCOIL Model on some form of flex-rating.

State Farm continues to support flex-rating. South Carolina, which adopted several reforms including flex-rating, did see more companies entering the market and lower premiums. We believe the measure deserves further consideration.

Thank you for the opportunity to present this testimony.