

LATE TESTIMONY



Property Casualty Insurers
Association of America

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

To: The Honorable Robert N. Herkes, Chair
House Committee on Consumer Protection and Commerce

From: Mark Sektnan, Vice President

Re: **SB 2769 SD2 HD1 – Relating to Insurance
PCI Position -- Oppose**

Date: Monday, March 19, 2012
2:00 p.m., Conference Room 325

Aloha Chair Herkes and Members of the Committee:

The Property Casualty Insurers Association of American (PCI) is opposed to SB 2769 SD2 HD1, which allows the Insurance Commissioner to adjust rates upon disapproval of insurance rate filings for property and casualty insurance. PCI is a trade association consisting of more than 1,000 insurers of all sizes and types. Its members represent 38.3 percent of the total general business insurance and 31.6 percent of the total homeowners business in the nation. In Hawaii, PCI members represent 15.2 percent of the homeowners market.

SB 2769 SD2 HD1 would establish an additional rate review process that is unnecessary since the Commissioner currently has the authority to disapprove a rate before it takes effect. This bill would interject hearing officers into the rate review process. These hearing officers may have limited knowledge of the rate making process and actuarial science or other areas of insurance underwriting or ratemaking. While the bill sets clear standards for the Commissioner in ensuring that rates are adequate, there are no standards or requirements that the hearing officer ensure that rates are adequate.

In Hawaii, rates must currently be approved by the Commissioner before they take effect prior to an insurer being able to use the rate and in 2011 residential property insurers responded to a call from the Commissioner to update their filed Homeowners rates. In addition, Hawaii homeowners enjoy a competitive market with reasonable prices. In a national comparison, rates in Hawaii are the 20th highest in the nation.

Since the authority of the Commissioner, granted by the Legislature, currently allows greater scrutiny and oversight than most other states, we view the provisions of SB 2769 SD2 HD1 as unnecessary and possibly confusing.

For these reasons, PCI asks the committee to hold this bill in committee.

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HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

March 19, 2012

Senate Bill 2769, SD 2, HD 1 Relating to Insurance

Chair Herkes and members of the House Committee on Consumer Protection and Commerce, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders. State Farm offers the following amendment to Senate Bill 2769, SD 2, HD 1 Relating to Insurance.

We believe that the contested case rules under Chapter 91 should be applicable to this appeals process and the entire chapter should be included. We request that the language already in section 431:14-106, which is on page 12, lines 16-18, be added as a new subsection (g) on page 5, line 10.

Thank you for the opportunity to present this testimony.
