

Testimony of
American Insurance Association
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Sacramento, California 95814 - 3803

TO: Senator David Y. Ige
Chair, Senate Committee on Ways and Means
Via Email: WAMtestimony@capitol.hawaii.gov

DATE: February 23, 2012

RE: **S.B. No. 2769, S.D. 1 – Relating to Insurance**
Hearing Date: Friday, February 24, 2012 at 9:00 a.m.
Conference Room 211

The American Insurance Association (AIA) respectfully opposes S.B. 2769, S.D. 1, Relating to Insurance.

AIA is the leading property-casualty insurance trade organization, representing approximately 300 insurers that write more than \$100 billion in premiums each year. AIA member companies offer all types of property-casualty insurance, including personal and commercial auto insurance, commercial property and liability coverage for small businesses, workers' compensation, homeowners' insurance, medical malpractice coverage, and product liability insurance.

AIA opposes the provisions in S.B. 2769, S.D. 1, that require publication of homeowner insurance premiums and that permit the Insurance Commissioner to specify interim insurance rates after disapproval of a rate filing.

Section 1 of S.B. 2769, S.D. 1, requires the Insurance Commissioner to annually publish notice of the availability of a list of homeowners insurers, with representative annual premiums. We believe this provision will result in the dissemination of inaccurate and inadequate data. Factors such as property location, age, type of construction and materials, history, and experience, among other things, are essential to accurate pricing for coverage. In the absence of this information, it is impossible for the Commissioner to put forth sufficient information, and this will lead to consumer confusion.

For the foregoing reasons, AIA must respectfully oppose S.B. 2769.

Steven Suchil
Assistant Vice President/Counsel
State Affairs
Western Region

TESTIMONY OF ALISON POWERS

SENATE COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Friday, February 24, 2012
9:00 a.m.

SB 2769, SD1

Chair Ige, Vice Chair Kidani, and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** SB 2769, SD1, **with amendments**. The original bill was amended in collaboration with the Insurance Commissioner, State Farm, and Hawaii Insurers Council. The SD1 contains a technical error in Section 3 on page 4, lines 4 through 11 of the bill and should read as follows:

“ the insurer may file a written request to the commissioner for a hearing pursuant to section (f).

- (1) If the insurer fails to file a written request for a hearing, the commissioner’s proposed rate shall become effective sixty days after the expiration of the deadline to file a written request for a hearing; and
- (2) If the insurer files a written request for a hearing, the existing effective rate shall remain in effect until the final order is rendered.”

We also ask that Section 431:10C-209.5 be repealed because if this bill passes, this section of law could pose a conflict between the motor vehicle insurance law and the general insurance law.

The above changes were previously agreed to by the parties, but were not incorporated into the SD1.

Thank you for the opportunity to provide comments.