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TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Thursday, February 21, 2013
9:00 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON SENATE BILL NO. 345 – RELATING TO PORTABLE
ELECTRONICS INSURANCE.**

TO THE HONORABLE DAVID Y. IGE, 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 supports the intent of this bill and offers the following comments.

The purpose of this bill is to amend Hawaii Revised Statutes (“HRS”) § 431:31-107(e) by increasing: (1) the initial licensing fee for portable electronics insurance limited lines vendors from \$150 to \$5,000; and (2) the annual licensing fee from \$150 to \$2,500.

The portable electronics insurance producer limited lines license permits the vendor to operate from multiple locations and supervise the sale of insurance by unlicensed individual employees. This is similar to the limited lines motor vehicle rental company producer license HRS § 431:9A-142 *et. seq.* In this model, the licensee and all of its producing employees are subject to one fee for issuance and one fee for licensing. That is, unlike other types of producer licenses that license just one individual, these two licenses license the activities of multiple individuals.

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

February 21, 2013

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice chair
Committee on Ways and Means

RE: SB345 Relating to Portable Electronic Insurance

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

Please accept this written testimony on behalf of Asurion in support of Senate Bill 345. Asurion is the leading provider of handset protection programs in the country and has joined with leading wireless carriers throughout the world to bring this valuable product to consumers.

In 2012 the Hawaii Legislature passed Senate Bill 2655 enacting a regulatory scheme governing the sale of portable electronic insurance by creating a licensing framework under which the retailer itself holds a license which authorizes its employees to sell this insurance product on the retailer's behalf. This model is consistent with the national trend that we have seen with respect to the regulation of this product as it creates an efficient and fair licensing framework for the entities offering this product to consumers and gives regulators the authority they need to effectively oversee these activities. Similar legislation has been passed in 42 other states and counting.

One of the differences between the law which was enacted in Hawaii and that of other states is Hawaii has a significantly lower fee for licensure. It may seem odd that we come before you asking for higher fees, but we feel they are appropriate considering how the license works in practice. Each year only a handful of licenses are issued or renewed. Nevertheless, the Department of Insurance carries the burden of maintaining a separate license category for those few license holders. It is appropriate to offset departmental costs of such maintenance and oversight by a higher per-license fee. Senate Bill 345 increases the license and renewal fees accordingly.

We would ask that you vote favorably to move this bill from your Committee today.

Sincerely,

John H. Radcliffe

February 21, 2013

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