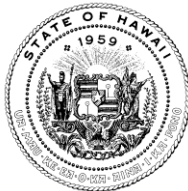


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February 8, 2016

To: The Honorable Mark M. Nakashima, Chair,
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Tuesday, February 9, 2016
Time: 9:30 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 2364 Relating to Workers' Compensation

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2364 proposes to amend the repeal date in Section 386-78, Hawaii Revised Statutes (HRS), of the workers' compensation (WC) law that allows compromises that are a result of a third-party liability claim not to require the approval of the Director. This measure will be repealed on June 30, 2017 and Section 386-78(a), HRS, shall be reenacted to the form in which it existed on June 30, 2014. Thank you for hearing this Administration proposal.

DLIR supports the measure.

II. CURRENT LAW

The Director reviews and approves all compromises concerning a claim for compensation.

III. COMMENTS ON THE HOUSE BILL

The department supports this measure as it will reduce the number of third party generated compromises that normally would be reviewed and approved by the Director and may expedite the entire process of review and approval of compromises.

Hawaii State Legislature
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 8, 2016

Filed via electronic testimony submission system

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Mark M. Nakashima, Chair

Rep. Jarrett Keohokalole, Vice Chair

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair

Rep. Matthew S. LoPresti, Vice Chair

RE: HB 2364, Extension of WC Settlement Law - NAMIC's Written Testimony in Support of Proposed Legislation

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 9, 2016, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The 1,300 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$208 billion in annual premiums, accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market. NAMIC has 69 members who write property/casualty and workers' compensation insurance in the State of Hawaii, which represents 30% of the insurance marketplace.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

HB 2364 allows workers' compensation claims settlements, pertaining to a third-party liability claim or action, to be finalized without formal approval of the Director of Labor and Industrial Relations. NAMIC supports this proposed one year extension of the sunset date on this law, because it promotes regulatory efficiency, and streamlines the WC claims adjusting process to the benefit of employers and injured workers.

Since the current WC claims settlement approach is working effectively, it makes sense to "stay the course" and avoid making any statutory changes that could adversely impact the system and possibly lead to higher WC costs for employers and needless claims settlement delays for injured workers.

For the aforementioned reasons, NAMIC respectfully requests that you **VOTE YES on HB 2364**. Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony. Respectfully,



Christian John Rataj, Esq.
NAMIC Senior Director – State Affairs, Western Region