



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN
INTERIM DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Monday, February 2, 2015
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 286 – RELATING TO INSURANCE.

TO THE HONORABLE ANGUS L.K. McKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill and submits the following comments:

The purpose of this bill is to establish the Hawaii Property and Health Association to manage and guide the operation of the Hawaii Property Insurance Association (“HPIA”), Hawaii Hurricane Relief Fund (“HHRF”), and Hawaii Health Insurance Exchange (“Exchange”). While the bill may seek to create efficiency by having one board oversee three entities, the board may face difficulties operationally and compositionally.

First, the HPIA, HHRF, and Exchange involve lines of insurance—property, hurricane, medical, drug, and dental—that are vastly different from each other and concern different risks and charges. These differences may complicate the tasks of the board, such as purchasing reinsurance and handling open enrollment requirements. Second, a single board’s oversight of three entities may entail a significant volume of work and make it difficult to find members to serve on the board. For these reasons, the board may have difficulty functioning.

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



Pauahi Tower, Suite 2010
1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877

Alison H. Ueoka
Executive Director

TESTIMONY OF ALISON UEOKA

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Angus L.K. McKelvey, Chair

Representative Justin Woodson, Vice Chair

Monday, February 2, 2015

2:00 p.m.

HB 286

Chair McKelvey, Vice Chair Woodson, and members of the Committee, my name is Alison Ueoka, Executive Director of the 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 thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council opposes this bill. This bill creates a common board for the Hawaii Property Insurance Association, Hawaii Hurricane Relief Fund, and the Hawaii Health insurance exchange. These three entities have differing purposes, the first two specific to property insurance and the third, health insurance. While there may be some similarities between the HPIA and HHRF in their purpose to provide a market of last resort for claims resulting from lava and hurricanes respectively, there are also many differences including the make-up of the Board, funding mechanisms, and coverage limits. The Hawaii Health Insurance Exchange or Health Connector has no relationship or common purpose with the first two entities which are property and casualty insurance-related. We believe that these three state agencies should operate independently and their Boards be comprised of experts in the related fields.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Consumer Protection & Commerce
Monday, February 2, 2015 at 2:00 P.M.
Conference Room 325, State Capitol**

LATE

RE: HOUSE BILL 286 RELATING TO INSURANCE

Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

The Chamber **opposes** HB 286, which establishes the Hawaii Property and Health Association to manage and guide the operation of the Hawaii Property Insurance Association, Hawaii Hurricane Relief Fund, and Hawaii Health Insurance Exchange.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state’s economic climate and to foster positive action on issues of common concern.

This bill establishes the Hawaii Property and Health Association to manage the operations of three different organizations: the Hawaii property insurance association, the Hawaii hurricane relief fund, and the Hawaii health insurance exchange. These organizations each operate with different goals, different subscribers and customers and different levels of interaction with the federal government. We believe for these reasons, the organizations should not be governed altogether by a single entity as it would interfere with the achievement of each organization’s independent goals.

We respectfully ask that this bill be held in committee. Thank you for the opportunity to testify.