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**TESTIMONY OF ROBERT TOYOFUKU AND NAHELANI WEBSTER ON  
BEHALF OF THE HAWAII ASSOCIATION FOR JUSTICE (HAJ) IN  
OPPOSITION OF S.B. 2432**

Date: Thursday, February 8, 2018

Time: 10:15 a.m.

Room: 225

To: Chair Clarence K. Nishihara and Members of the Senate Committee on Public Safety, Intergovernmental, and Military Affairs and Chair Lorraine R. Inouye and Members of the Senate Committee on Transportation and Energy.

We are presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in opposition of S.B. 2432 Relating to Motor Vehicle Insurance.

This bill changes personal injury protection (“PIP”) insurance coverage from being mandatory to being optional for those members in good standing of the National Guard, military reserve, or armed services, including the Coast Guard, and is assigned to a unit in the State.

PIP coverage provides basic medical coverage of \$10,000 for those injured in motor vehicle accidents. The purpose of PIP is to provide insurance coverage to everyone who may be injured regardless of fault, thus ensuring that there is universal medical coverage for all, including passengers in the vehicle, pedestrians and bicyclists struck by the vehicle, and others who borrow the vehicle. Although members of our armed services may be covered by federal health benefits, the lack of PIP coverage on a vehicle may leave passengers, pedestrians, bicyclists, and those who borrow the vehicle with no coverage.

Exempting certain individuals from purchasing PIP insurance for their vehicles leaves a gap in coverage for the public. It is bad public policy because PIP is meant to

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provide a seamless safety net for all scenarios. For example, if a pedestrian is struck by a vehicle operated by a member of the Army who opted out of PIP coverage, the pedestrian would not receive insurance coverage. Similarly, a person who borrows the vehicle of the same member of the Army and is injured in a collision, that driver would not have PIP coverage. The same would be true for passengers who are normally covered by the PIP on the vehicle they are riding.

Anyone who does not have PIP coverage (other than an uninsured owner) is entitled to free PIP coverage from the Joint Underwriting Plan (JUP) assigned risks program. The costs of the JUP assigned risks program are ultimately borne by policyholders in general who will end up paying for the gap in PIP coverage that will be created by this measure. This bill will unfairly shift the cost of insurance to the rest of the driving public.

Although this measure is well intentioned to save service members the cost of basic PIP coverage, the unintended consequence of creating gaps in coverage and shifting the cost of insurance to others counsels against passage of this measure. HAJ requests that this measure be held.

Thank you for allowing us to testify regarding this measure. Please feel free to contact either of us should you have any questions or desire additional information.

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**SB-2432**

Submitted on: 2/7/2018 4:17:34 PM

Testimony for PSM on 2/8/2018 10:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachel L. Kailianu	Ho`omana Pono, LLC	Oppose	Yes

Comments:

Civilian and military drivers shall be required to have drivers insurance. God forbids a military persons be in an accident who options not to have coverage. Does it also exempts the civilian who is the counterpart of the incident?