

# HB 154 HD 1

Measure Title:	RELATING TO SERVICE CONTRACTS.
Report Title:	Motor Vehicle Service Contracts
Description:	Specifies that the regulation of motor vehicle service contracts does not apply to agreements issued by automobile clubs. Clarifies the allowable scope of motor vehicle service contracts regulated by the Insurance Commissioner to include contracts for certain motor vehicle repair and replacement services. (HB154 HD1)
Companion:	<a href="#">SB809</a>
Package:	None
Current Referral:	CPH
Introducer(s):	OHNO, D. Kobayashi



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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce, Consumer Protection, and Health  
Thursday, March 14, 2019  
9:00 a.m.  
State Capitol, Conference Room 229**

**On the following measure:  
H.B. 154, H.D. 1, RELATING TO SERVICE CONTRACTS**

Chair Baker and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department opposes H.D. 1.

The original version of H.B. 154 added the definition of "road hazard" to Hawaii Revised Statutes (HRS) section 481X-2 and amended the definition of "service contract" in that section, so that additional services would be covered under service contracts. In contrast, H.D. 1 exempts agreements issued by automobile clubs from the application of HRS chapter 481X. The broad language of this exemption of agreements issued by automobile clubs would include service contracts, leaving these agreements without any regulatory oversight. For this reason, the Department opposes the current version of this bill.

Thank you for the opportunity to testify on this bill.

March 11, 2019

*Via Hand Delivery*

The Honorable Rosalyn H. Baker, Chair  
The Honorable Stanley Chang, Vice Chair  
Senate Committee on Commerce, Consumer Protection, and Health

**Re: Support of House Bill 154**

On behalf of its members, the Motor Vehicle Protection Products Association (MVPPA) would like to express its **support of House Bill 154** when it comes to you for consideration.

By way of background, MVPPA is a national trade association with member companies that include providers, retailers, administrators, and insurers of vehicle service contracts and theft protection products. MVPPA's primary goal is to establish a uniform, balanced regulatory landscape that minimizes confusion or dispute about the regulatory status of these products. MVPPA's member companies offer over 80% of the protection products available in the marketplace today and include Ally Insurance, AmTrust Financial Services, Assurant Solutions, Toyota Motor Insurance Services, and CNA National Warranty Company.

House Bill 154 amends the definition of service contract to expressly authorize a number of products to be offered as service contracts. Typically, these products provide consumers with benefits either not covered under a traditional automobile insurance policy or that may be under their traditional automobile insurance policy's deductible. For example, often times the cost of replacing a vehicle's key-fob in the event it is lost or stolen, although costly, is less than a consumer's insurance deductible and so the consumer may be left paying the cost out of pocket. Instead, a consumer could elect to purchase a service contract with key-fob replacement coverage to avoid the possibility of paying this cost out of pocket. Moreover, it is our understanding that these coverages are offered in Hawaii today as service contracts that are filed with and reviewed by the Department of Commerce and Consumer Affairs' Insurance Division, and that this legislation merely crystalizes in statue the current regulatory treatment of these products.

The MVPPA thanks you in advance for your time and consideration in this matter and reiterates its **support of House Bill 154** as currently drafted. Please do not hesitate to contact me directly with any questions, concerns, or requests for additional information at [jim@meenanlawfirm.com](mailto:jim@meenanlawfirm.com) or (850) 425-4000.

Sincerely,



James P. Burleson  
Assistant Executive Director

*"Tire, wheel, windshield, dent, appearance care and other valuable coverage."*

March 14, 2019

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce, Consumer Protection, and Health  
Hawaii State Capitol, Room 229  
Honolulu, HI 96813

**RE: HB154 – RELATING TO SERVICE CONTRACTS – AMENDMENT WITHDRAWAL**

Dear Chair, Vice Chair and Members of the Committee:

We appreciate that HB154 was previously amended in an attempt to clarify the distinction between “service contracts” and the services provided by motor or automobile clubs.

However, we have determined that this amendment is not needed at this time.

Therefore, we would like the amendment to be removed from HB154 and that it not be considered in SB 809.

Thank you very much for your consideration.

Sincerely,

*Stephen Finnegan*

Stephen Finnegan  
Manager, Public Affairs and Government Relations

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