

HB
764

A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that existing language in
2 the State's motor vehicle insurance code requires insurers to
3 maintain a "brick and mortar" sales and claims service office.
4 When originally written, the code did not envision the Internet,
5 cellular smart phones, or computerization. Today, many of the
6 functions once done in a physical office are being accomplished
7 through mobile smart phone or internet technology. Insureds can
8 now go on their mobile device and purchase motor vehicle
9 insurance or file a claim. Consequently, in 2016, the
10 legislature passed legislation allowing electronic insurance
11 cards, in addition to paper insurance cards, to be used as proof
12 of insurance for motor vehicles, motorcycles, and motor
13 scooters. Act 216, Session Laws of Hawaii 2018, allows licensed
14 producers of motor vehicle insurers to satisfy the requirement
15 that insurers provide a complete sales and claims office in the
16 State by instead allowing an insurer's licensed producer to



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1 establish and maintain a sales and claims office in every county
2 in which the insurer does business.

3 The legislature also finds that the county of Kalawao is
4 the smallest county in the United States, both by population and
5 land area. Considering its size, requirement of a "brick and
6 mortar" motor vehicle insurance office for each insurer who does
7 business in the county of Kalawao is unnecessary.

8 Accordingly, the purpose of this Act is to remove the
9 requirement that an insurer must maintain a "brick and mortar"
10 sales and claims service office in the county of Kalawao.

11 SECTION 2. Section 431:10C-119, Hawaii Revised Statutes,
12 is amended by amending subsection (a) to read as follows:

13 "(a) Prior to licensing an insurer to transact a motor
14 vehicle insurance business in this State, the commissioner:

15 (1) Shall effect a thorough examination of the insurer's
16 business experience, financial soundness, and general
17 reputation as an insurer in this and other states. In
18 the discretion of the commissioner, this examination
19 may include an examination of any or all of the
20 business records of the insurer, and an audit of all
21 or any part of the insurer's motor vehicle insurance



1 business, each to be performed by the commissioner's
2 staff or by independent consultants. No license shall
3 be issued until the commissioner is satisfied as to
4 the business experience, financial solvency, and the
5 economic soundness of the insurer;

6 (2) Except for a member-owned reciprocal insurer and its
7 wholly owned insurer subsidiaries, as specified in
8 subsection (c), shall require of each insurer, and
9 determine that satisfactory arrangements have been
10 made for, the provision of a complete sales and claims
11 service office in the State; provided that the
12 establishment and maintenance of an office by licensed
13 producers of an insurer in every county the insurer
14 does business shall meet the requirements of this
15 paragraph; provided further that the preceding shall
16 not be required for the county of Kalawao; and

17 (3) Notwithstanding any other requirements of this section
18 or of the insurance code, may require a bond in a
19 reasonable amount and with deposits or sureties
20 determined in the commissioner's discretion of any
21 applicant for a license hereunder. The commissioner



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1 may, at any time, make and enforce such a requirement
2 of any licensed insurer or self-insurer."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

5

INTRODUCED BY: _____



JAN 22 2019



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Report Title:

Motor Vehicle Insurance; Brick and Mortar Requirement; Kalawao County

Description:

Clarifies that the requirement for a motor vehicle insurer to maintain a complete sales and claims service office does not apply to the county of Kalawao.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



TESTIMONY OF ALISON UEOKA

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Roy M. Takumi, Chair
Representative Linda Ichiyama, Vice Chair

Wednesday, February 20, 2019
2:00 p.m.

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Chair Takumi, Vice Chair Ichiyama, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President of the Hawaii Insurers Council. The 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 forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill. The County of Kalawao should have been excluded in the original bill that passed in 2018 and this is a clean-up bill. Today, there are no driver's licenses issued by this County and having a sales and claims person there would be an expense with no benefit.

Thank you for the opportunity to testify.

House Committee on
Consumer Protection and Commerce

February 20, 2019

HB 764 Relating to Motor Vehicle Insurance

Chair Takumi and Vice-Chair Ichiyama, members of the House Committee on Consumer Protection and Commerce, I am Rick Tsujimura here to testify on behalf of State Farm Insurance Cos. on HB 764 and urging you to pass this measure “as is”.

HB 764 is intended to cleanup language in Act 216 which provided an exception from the requirement of a single “bricks and mortar” sales and claims office by using agent offices. Unfortunately the application of the county requirement included Kalawao, which contains Kalaupapa. Due to the limited number of vehicles, there are no agent offices in that county. This amendment is intended to exclude Kalaupapa from this requirement.

We strongly urge the passage of this amendment.