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OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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

**Before the  
Senate Committee on Transportation  
Thursday, February 4, 2021  
3:00 p.m.  
Via Videoconference**

**On the following measure:  
S.B. 650, RELATING TO TOW TRUCK PRICING**

Chair Lee and Members of the Committee:

My name is Stephen H. Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department opposes this bill.

The purposes of this bill are to: (1) adjust towing charges and fees for vehicles left unattended or abandoned; and (2) establish a clean-up charge and documentation fee.

The Department does not see any basis for increasing the towing fees at this time. No evidence indicates that existing marketplace conditions support imposing higher towing rates on consumers, and no one has come forward to suggest that current rates have resulted in a decrease in towing services.

The Department also opposes imposing new fees on vehicle owners, such as a documentation fee of \$250 or a clean-up charge of \$75. Consumers should not be burdened with paying fees whose only apparent purpose is to award tow companies a windfall for doing what they are already mandated to do under current law. Similarly,

Testimony of DCCA

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consumers should not have to pay a towing company an additional charge for vehicle storage merely because a tow yard has insufficient space to accommodate towed vehicles.

In view of the foregoing, the Department does not believe that the price increases or additional fees sought by S.B. 650 are justified.

Thank you for the opportunity to testify on this bill.

## **TESTIMONY OF MICHAEL ONOFRIETTI**

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COMMITTEE ON TRANSPORTATION  
Senator Chris Lee, Chair  
Senator Lorraine R. Inouye, Vice Chair

Thursday, February 4, 2021  
3:00 p.m.

### **SB 650**

Chair Lee, Vice Chair Inouye, and members of the Committee on Transportation, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Actuarial Services, Product Development & Management for Island Insurance and Chairman of the Auto Policy Committee for 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 submits comments on this bill. In 2020, despite the pandemic, the Legislature passed two towing bills to better protect consumers and to contain the cost of towing for vehicles that are involved in an accident or cannot be moved. This bill increases the cost of towing not only for abandoned vehicles, but for accident tows as well because this section of law is referenced in the Motor vehicle towing and storage; settlement; disabled vehicles Section 291C-165.5.

Increases in towing costs if paid for by insurers, will ultimately make its way into motor vehicle insurance rates and appears to be at cross purposes with the two bills that passed in 2020: HB 2162 and SB 2384.

Thank you for the opportunity to testify.



To: The Honorable Chris Lee, Chair  
The Honorable Lorraine R. Inouye, Vice Chair  
Senate Committee on Transportation

From: Mark Sektan, Vice President

Re: SB 650: Relating to Tow Truck Pricing  
**APCIA POSITION: OPPOSE**

Date: Thursday, February 4, 2021  
3:00 p.m.; Conference Room 224

Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is **opposed** to SB 650, which adjusts towing company charges and fees for vehicles left unattended or abandoned. The bill would also establish a clean-up charge and documentation fee. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

Last year, the Hawaii Legislature passed bills to address the issues with towing companies and limited unreasonable and predatory towing charges. These bills were passed by the legislature to protect consumers from unreasonable charges. SB 650 would undo the good work done by the legislature last year.

SB 650 would mandate increases in towing mileage and storage charges without any documentation that these increases are reasonable and necessary. The increase in the fees for documentation are similarly unjustified. Finally, SB 650 would allow for unlimited and unregulated clean up fees and would increase the cost of auto insurance at a time that consumers are struggling.

For these reasons, APCIA asks the committee to hold this bill in committee.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

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TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII  
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COMMITTEE ON TRANSPORTATION

Senator Chris Lee, Chair  
Senator Lorraine R. Inouye, Vice-Chair  
Thursday February 4, 2020  
**SB650 - RELATING TO Tow Truck Pricing**

Chair Lee, Vice Chair Inouye and Members of the Senate Transportation Committee:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides motor vehicle insurance for 178,000 Hawaii households which is more than one out of every three Hawaii households that has auto insurance. GEICO pays for many thousands of tows from Hawaii accident scenes every year. In 2020, the Legislature enacted SB2384 in order to protect consumers from predatory towing from accident scenes. The goal was to include, accident scene tows as being subject to the limitations on tow truck pricing in HRS §290-11. GEICO opposes SB650. There was no testimony submitted in any of the committee hearings related to SB2384 that claimed that the fees in HRS §290-11 were inadequate. More importantly, there is no evidence documenting not only the need but the extent of the increase being requested.

GEICO has the following specific concerns with the proposal:

- The base charge increases by 53% for a regular tow, 66% for using a dolly and doubles for use of flatbed. These charges are in addition to the mileage charge which remains unchanged.

- The daily storage charge increases by 40% for the first seven days and by 75% for storage after the first seven.
- The additional fee for tows between 6 pm and 6 am increases by 233%.
- There is a new fee added for required clean up but the definition of when such is required is not spelled out and can easily lead to an unsupported charge on every tow. In addition, the proposed language fails to clarify that this fee is the maximum allowed.
- There is a new fee for documentation that appears to be related to an abandoned vehicle. This fee seems excessive and the language does not clarify that this fee does not apply when the identity of the owner (or the owner's insurer) is known.
- The 2020 Legislature took proactive action to protect consumers involved in a motor vehicle accident from unreasonable charges; SB650 seeks to reverse this consumer protection. In order to protect Hawaii consumers, tow companies were required to provide written notice to consumers of the tow charges they would be subject to, before the consumer is can approve such an agreement. All of this done to protect consumers from predatory towing practices. Under the pending legislation, the consumer would have to be notified, but also pay for this requirement, even though this requirement was intended to stop predatory towing.

GEICO's extensive experience with towing in Hawaii clearly shows that the availability of tow companies to meet the needs of the public for accident tows is currently more than sufficient. This availability suggests that these massive increases are not warranted. Ultimately such increases would add an extra layer of costs to be factored in to the insurance premiums paid by our customers. Nothing in the proposed legislation provides any basis that supports the need for these huge increases.

**GEICO respectfully requests that SB650 be held.**

Thank you for the opportunity to submit this testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton, CPCU

**SB-650**

Submitted on: 2/3/2021 10:47:31 AM

Testimony for TRS on 2/4/2021 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
ALISON MEYER	Individual	Support	No

Comments:

It was brought to my attention that The State of Hawaii has since implemented HRS 291C-165.5 that says we as "towers", need to comply with pricing from HRS 290-11 which has not ever been updated or revised, since late 90's early 2000"s. I am kindly asking for you to help me and other tow companies in Hawaii to somehow revise prices to coincide with cost of living and doing business in Hawaii.

I have since reached out to some tow companies on Maui to try and work with me to make this happen. I asked that they give some input of what it cost to tow a car using updated equipment, cost of storage yard rental/payments, insurance.

From what I know, HRS 290-11 only reads:

\$65 tow truck

\$75 tow truck with dollies

\$7.5 per loaded mile

\$25 storage for 1st 7 days/ \$20 per day thereafter

\$15 afterhours

This does not allow us to charge road clean up after an accident, recovery charges if vehicle has rolled over or in a ditch/embankment or even over a cliff. Or charge for using a flatbed.

Also, for HRS 291C (DUI towing) all tow companies that are on the rotation list must have a PUC number as the vehicle to be towed falls under "personal property".

The State of Hawaii impliments the "No Fault" Insurance to legally operate a vehicle on state and county roads. However, we've experienced on several occasions that those insured's vehicle is not covered and tow companies get stuck with the cost of paying drivers for providing the service and possible disposal of the vehicle.



We are hoping with the help of this revised statute, we can somehow cover our cost to continue to stay in business and help the general public.

Thank you for your time.

**LATE**

**SB-650**

Submitted on: 2/3/2021 7:35:42 PM

Testimony for TRS on 2/4/2021 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sandie Wong	Individual	Support	No

Comments:

I support SB650.

**LATE**

**SB-650**

Submitted on: 2/4/2021 9:10:26 AM

Testimony for TRS on 2/4/2021 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Hankins	Individual	Support	No

Comments:

I am strongly in favor of this bill. The current tow prices listed in HRS are out dated and in desperate need of updating to fair market value. Tow companies on Maui are a big part of the Maui County Tow ordinance. This ordinance allows police to have vehicles of impaired drivers removed from our roadways. Ensuring the tow companies can charge a fair market value is important to the entire industry.

**LATE**

**SB-650**

Submitted on: 2/4/2021 1:04:12 PM

Testimony for TRS on 2/4/2021 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Duane Hilua-Meyer	Individual	Support	No

Comments:

I fully support this bill. Tow price raise on HRS290-11 IS WELL OVER DUE.