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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Transportation
Wednesday, February 2, 2022
10:30 a.m.**

**On the following measure:
H.B. 2382, RELATING TO TOW TRUCK PRICING**

Chair Aquino 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 or a clean-up charge. 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, consumers

Testimony of DCCA

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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 H.B. 2382 are justified.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON TRANSPORTATION
Representative Henry J.C. Aquino, Chair
Representative Greggor Ilagan, Vice Chair

Wednesday, February 2, 2022
10:30 a.m.

HB 2382

Chair Aquino, Vice Chair Ilagan, 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.

The Hawaii Insurers Council offers the following comments on HB 2382.

This bill, which amends section 290-11, contains blank amounts for towing, storage, road clean-up, and documentation charges. If the final version of the bill increases these costs, it will impact not only abandoned vehicles but vehicles that are involved in accidents or otherwise disabled. Accident and disabled vehicle tows and storage are governed by section 291C-165.5, which refers back to section 290-11 for allowable charges.

Increases in towing and related charges, if paid by insurance companies, ultimately will result in increased motor vehicle insurance rates for Hawaii's consumers.

Thank you for the opportunity to testify.



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

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COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair

Rep. Greggor Ilagan, Vice Chair

Wednesday, February 2, 2022

HB2382 - RELATING TO Tow Truck Pricing

Chair Aquino, Vice Chair Ilagan and Members of the House Transportation Committee:

My name is Timothy M. Dayton, General Manager of GEICO. The agenda describes this proposal as pertaining to tows of abandoned vehicles. However, abandoned vehicles are not the biggest component that will be impacted. Specifically, the 2020 Legislature enacted SB2384 in order to protect consumers from predatory towing from accident scenes. As a result, accident scene tows are now included in the tow truck pricing in HRS §290-11 and will therefore be impacted by this proposal if it is enacted as is. GEICO opposes HB2382. The costs of auto insurance in Hawaii and elsewhere are significantly impacted by inflation. Current inflation is especially severe in the costs of the biggest components of claim payments: used cars, cars parts and car repair labor. Unspecified increases in towing and daily storage charges would add on to increases in the cost of auto insurance in Hawaii that are on the horizon. GEICO opposes unjustified increases to charges for the tow, daily storage plus additional new fees.

- 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 would be the maximum allowed.
- There is a new fee for documentation that appears to be only related to an abandoned vehicle. This bill's 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 in a motor vehicle accident from unreasonable charges; HB2382 seeks to partially reverse this consumer measure.

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.

Current fees are high enough that there are towing companies that are not dispatched by the police but use a scanner to monitor police communications and then arrive with the consumer unaware that there were not police dispatched. This availability suggests that increases are not warranted. Ultimately increases would add an extra layer of costs to be factored into the insurance premiums paid by our customers. Nothing in the proposed legislation provides any basis or study that supports the need for these increases.

GEICO respectfully requests that HB2382 be held, perhaps in favor of a study to determine if fee increases are warranted. If the Committee does pass this measure, we ask for consideration to exempt accident tows from the increases and new fees.

Thank you for the opportunity to submit this testimony.

Sincerely,



Timothy M. Dayton, CPCU