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**STATE OF HAWAII
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 Commerce and Consumer Protection
Tuesday, February 1, 2022
9:30 a.m.**

**On the following measure:
S.B. 2369, RELATING TO TOW TRUCK PRICING**

Chair Baker 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

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. 2369 are justified.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

Tuesday, February 1, 2022
9:30 a.m.

SB 2369

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce and Consumer Protection, 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 SB 2369.

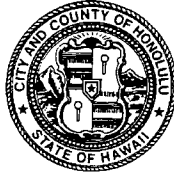
This bill, which amends section 290-11, contains blank amounts for towing, storage, road clean-up, and documentation charges. If the final version of the bill increases these costs, it will impact not only abandoned vehicles but vehicles that are involved in accidents or otherwise disabled. Accident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

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RICK BLANGIARDI
MAYOR



NOLA N. MIYASAKI
DIRECTOR

KIMBERLY M. HASHIRO
DEPUTY DIRECTOR

January 31, 2022

LATE

The Honorable Rosalyn H. Baker, Chair
The Honorable Stanley Chang, Vice Chair
And Members of the Committee on Commerce
and Consumer Protection
State Capitol, Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Chris Lee, Vice Chair Lorraine R. Inouye, and Members of the Committees
on Ways and Means and Judiciary,

SUBJECT: S.B. 2369 - Relating Tow Truck Pricing

The City and County of Honolulu, Department of Customer Services (CSD), Motor
Vehicles, Licensing and Permitting Division, strongly supports S.B. 2369 Relating to Tow Truck
Pricing which would allow towing fees to be adjusted.

CSD handles all the requests and inquiries for abandoned vehicle removal. We are
responsible for the towing of all inoperable motor vehicles from the roads as well as private
property. We are committed to making our roadways safe for all of our communities.

The current fee of \$65.00 to hook up and \$7.50 per mile has been in effect for over 15
years. An increase in towing rates will offset the rising operating costs of fuel and maintenance.
Adding additional Clean-up and Documentation fees will pay for operators to effectively clean
tow service areas as well as remove trash and debris from abandoned vehicles. The addition of
a documentation fee will allow operators to effectively document and track towed vehicles that
are relocated to temporary holding facilities.

By increasing Tow Truck pricing we will be more effective in maintaining a functional
towing and storage operation. A more effective system would reduce response time when an
abandoned vehicle is reported. We urge the Committee to pass S.B. 2369.

Thank you for this opportunity to provide testimony.

Sincerely,

A handwritten signature in black ink that reads "Nola N. Miyasaki".

Nola N. Miyasaki
Director



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

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
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COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair
Tuesday February 1, 2022

SB2369 - RELATING TO Tow Truck Pricing

Chair Baker, Vice Chair Chang and Members of the Senate Commerce and Consumer Protection 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 SB2369. 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

unspecified and unjustified increases to charges for the tow, daily storage plus additional new fees.

- The form of SB 2369 is a concern for not just GEICO and other Hawaii based auto insurance carriers, but for the public at large. Publication of these bills pending a hearing is intended to provide the general public notice and an opportunity to provide testimony and where necessary, to provide opposition to the proposed legislation. Unfortunately, the blank spaces representing the most important information in this bill, the potential cost (not just to insurers but to the public) is left blank. No one knows before the actual hearing, the amount of increase the Legislature is being asked to approve. We and the general public will have little time, to be able to analyze, much less respond to any fee increases the tow industry will be requesting at the upcoming hearing. Although unintended, if this is allowed to occur, this may result in circumvention of a very basic right of the public to provide meaningful testimony, opposition and scrutiny of any requested fee increase.

- 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; SB2369 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 SB2369 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,

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

LATE

SB-2369

Submitted on: 1/31/2022 11:16:35 AM
Testimony for CPN on 2/1/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
NICOLE VINCENT	Testifying for KAD INC.	Oppose	No

Comments:

Aloha,

I am writing this testimony today to bring into perspective the real struggles that small businesses have especially in Hawaii where rising costs of goods, shipping, fuel, insurance, employees wages, health insurance and just the general cost of doing business is amongst the highest in the Nation. We as Towing Companies, also must contend with being available 24 Hours a day and be ready to perform towing, recovery, and clean-up of hazardous vehicle fluids at times under the worst weather conditions. With the increase of fuel prices, goods, and services across our Country with no end in sight how can we put a price on Emergency Response Services that Tow Companies provide? It requires expensive absorbents, specialized equipment but not limited to remediate the accident scenes which every accident scene is done on a case-by-case basis. According to the EPA any hazardous fluids over 15ml is considered a "major spill." When a semi-truck gets into an accident and 100 gallons of diesel fuel spills how can you expect a tow company to afford to stay in business to provide these services when the fees are regulated? When a vehicle causes damage to utility poles and there is a hazmat cleanup the utility company charges the Insurance companies \$50,000 plus to clean up and replace the pole. Why are those companies not regulated on what they can charge?

Hawaii's Tourism Industry and Construction Industry charges some of the highest prices in the world with no regulation and yet the Towing Industry is targeted when we provide Emergency Services alongside of the Police and Fire Departments.

The most concerning thought in all of this is that if a law is passed to regulate Emergency services that tow companies provide it can cause a bigger issue when an accident occurs and there is limited to no response from towing companies. The rates and laws should be left as is to avoid unnecessary harmful strain on towing companies as we already struggle day by day to continue providing such a vital service with increasing operating costs.