

ACT 258

S.B. NO. 808

A Bill for an Act Relating to No-fault Insurance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Findings and purpose. There is a critical need to provide alternative methods of motor vehicle insurance. Auto insurance is mandatory under the State's laws and provides a way to compensate persons suffering personal injury and property damages. However, the motor vehicle insurance requirement is becoming a serious problem due to increasingly high costs and unavailability of auto insurance.

During the Regular Session of 1987, two similar bills S.B. No. 1335 and H.B. No. 1928, were introduced to provide alternative methods of motor vehicle insurance. They both create a motor vehicle insurance fund, which would establish, manage, control, and operate a driver's motor vehicle insurance business under sound actuary practices to reduce motor vehicle insurance, provide easier method of payment, and assure insurance coverage.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000, or so much thereof as may be necessary for fiscal year 1987-1988, for the office of the legislative auditor to conduct a study of the feasibility of implementing the provisions of SB No. 808, SB

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No. 1335, and HB No. 1928. The study shall include, but shall not be limited to, the following:

- (1) Assessment of the costs and administration of the motor vehicle insurance fund;
- (2) Establishment and implementation of the fund, including the determination of policy coverage, premiums, collection procedures, claim settlement procedures, and investment procedure;
- (3) Determination of whether the fund would be better administered by the State or by the insurance industry; and
- (4) A discussion of current issues within the insurance industry including, but not limited to, the "take-all-comers" provision in the existing no-fault law, uninsured motorists, and prohibitions against discriminating against insureds on the basis of age and length of driving experience, and an analysis of a motor vehicle insurance fund upon such issues; and
- (5) Any other determinations to effectuate the fund's purposes including the feasibility of placing motorcycles under the provisions of the motor vehicle insurance fund proposal.

The legislative auditor shall submit a report of the findings and recommendations of the study to the legislature no later than twenty days prior to the convening of the Regular Session of 1988.

SECTION 3. The sum appropriated shall be expended by the office of the legislative auditor for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 1987.

(Approved June 24, 1987.)