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MEMORANDUM

LATE TESTIMONY

**TO:** Representative Joseph M. Souki  
Chair, Committee on Transportation  
**Via e-mail: TRNtestimony@capitol.hawaii.gov**

**FROM:** Anne T. Horiuchi

**DATE:** March 16, 2009

**RE:** **S.B. 58, SD2 – Relating to Motor Vehicle Insurance**  
**Hearing: Monday, March 16, 2009 at 9:00 a.m., Room 309**

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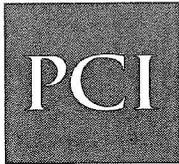
Dear Chair Souki and Members of the Committee on Transportation:

I am Anne Horiuchi, testifying on behalf of the American Insurance Association (AIA). AIA represents approximately 350 major insurance companies that provide all lines of property and casualty insurance and write more than \$123 billion annually in premiums. AIA members supply 23 percent of the property/casualty insurance sold in Hawaii. The association is headquartered in Washington, D.C. and has representatives in every state. All AIA news releases are available at [www.aiadc.org](http://www.aiadc.org).

S.B. 58, SD2 creates a driver exclusion endorsement to enable a named insured to exclude specified persons from being covered under a policy.

AIA supports S.B. 58, SD2. Named driver exclusions allow insurers to continue to provide coverage, or to provide more affordable coverage, to other family members. Without exclusions, the entire family group would be subject to possible adverse underwriting decisions (i.e., non-renewals), and potentially much higher rates.

Thank you very much for the opportunity to submit testimony on this measure.



**Property Casualty Insurers  
Association of America**

Shaping the Future of American Insurance  
1415 L Street, Suite 670, Sacramento, CA 95814-3972

## LATE TESTIMONY

To: The Honorable Joseph M. Souki, Chair  
House Committee on Transportation

From: Samuel Sorich, Vice President

Re: **SB 58 SD2- Relating to Motor Vehicle Insurance**  
**PCI Position: Oppose**

Date: Monday, March 16, 2009  
9:00 a.m.; Conference Room 309

Aloha Chairman Souki and Committee Members:

The Property Casualty Insurers Association of America (PCI) supports legislation that allows a consumer to exclude a named driver from the coverage provided by an automobile insurance policy. However, PCI is opposed to SB 58 SD2 because in the bill's attempt to establish a named driver exclusion, SB 58 SD2 would significantly expand the scope of the assigned claims plan.

The assigned claims plan provides benefits to accident victims in cases where there is no applicable motor vehicle insurance policy. The plan does not provide benefits when uninsured motorist (UM) insurance benefits are applicable to the accident.

SB 58 SD2 would significantly expand the plan's obligations. Section 2 of the bill would obligate the assigned claims plan to pay benefits when UM coverage is available. The bill would require the plan to pay benefits when the claimant has already received UM benefits from his or her insurance policy. This would be a fundamental change to the nature of the assigned claims plan.

This change would result in increased costs to finance the plan. Those increased costs would ultimately be borne by consumers.

Although PCI supports the concept of a named driver exclusion, we must oppose SB 58 SD2 because the bill ties the exclusion to higher costs for Hawaii drivers.

On a technical matter, the Driver Exclusion Endorsement in Section 2 of the bill makes the exclusion applicable to a single designated vehicle. Many insurers issue policies that cover more than one vehicle. The bill's endorsement should be rewritten to apply to all vehicles covered by an insurance policy.

PCI respectfully requests the Committee to vote No on SB 58 SD2.