STAND. COM. REP. NO. | 28 -12

Honolulu, Hawaii

Feb 7 , 2012

RE: H.B. No. 1878 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2012 State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1878 entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to bring fairness to the motor vehicle insurance industry by allowing the exclusion of specified drivers from coverage under a motor vehicle insurance policy, through a driver exclusion endorsement.

The National Association of Mutual Insurance Companies and State Farm Insurance Companies testified in support of the intent of this measure. The Department of Commerce and Consumer Affairs testified in opposition to this measure. The Hawaii Insurers Council and Hawaii Association of Justice provided comments.

Major automobile insurers base their automobile insurance premiums upon consideration of all of the drivers in a household, not just the named insured. This can cause considerable financial hardship to innocent family members if there are irresponsible drivers in the household. This may lead to situations where the named insured can no longer afford increased insurance premiums and therefore is forced to drive uninsured. This measure attempts to remedy this situation by allowing for the exclusion of specified drivers from coverage under a motor vehicle insurance policy.

Your Committee has amended this measure by:

- (1) Changing references to an "excluded driver" to an "excluded operator";
- (2) Deleting language that deemed excluded drivers as uninsured for the purposes of assigned claims under a motor vehicle insurance plan;
- (3) Allowing motor vehicle policy premiums to be increased in relation to any claim by a person who sustains property damage or accidental harm from a motor vehicle accident caused by an excluded operator where a policy provides liability coverage to other persons or entities as a result of a claim involving the operation of any motor vehicle by the excluded operator;
- (4) Disqualifying a person or their legal representative from receiving benefits through an assigned claims plan if the person operated a motor vehicle from which the person was excluded from insurance coverage at the time of an accident and was harmed by the accident;
- (5) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1878, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1878, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

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Respectfully submitted on behalf of the members of the Committee on Transportation,

JØSEPH M. SOUKI, Chair

State of Hawaii House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1878	Committee Referral: TRN, CPC /JUD			Date: 2/1/12_		
☐ The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)						
TRN Members		Ayes	Ayes (WI	R) Nays	Excused	
1. SOUKI, Joseph M. (C)			_			
2. ICHIYAMA, Linda (VC)						
3. AQUINO, Henry J.C.						
4. CULLEN, Ty		<i>)</i>				
5. LEE, Marilyn B.		1				
6. LUKE, Sylvia		/			<u>.</u>	
7. OKAMURA, Tom					/	
8. SAIKI, Scott K.						
9. TAKUMI, Roy M.						
10. YAMASHITA, Kyle T.						
11. FONTAINE, George R.	_	/				
12. JOHANSON, Aaron Ling			,			
					<u> </u>	
TOTAL (12)		10			2	
The recommendation is: Adopted						
Vice Chair's or designee's signature:						
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO						