

Honolulu, Hawaii

FEB 16 2012

RE: S.B. No. 2769
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred S.B. No. 2769 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to require the
Insurance Commissioner to annually publish a list of homeowners
insurers and premium information and to permit the Insurance
Commissioner to set interim rates upon the disapproval of
insurance rate filings for property and casualty insurance.

Your Committee received testimony in support of this measure
from the Insurance Division of the Department of Commerce and
Consumer Affairs. Your Committee received testimony in opposition
to this measure from the Hawaii Insurers Council, American
Insurance Association, and Property Casualty Insurers Association
of America. Your Committee received comments on this measure from
State Farm Insurance Companies.

Your Committee finds that publication of premium information
enables consumers to compare insurance rates. Your Committee
further finds that making homeowners insurance information more
accessible would assist Hawaii consumers make informed decisions
when purchasing homeowners insurance. Your Committee understands
that there are cost concerns associated with requiring publication
in a newspaper of general circulation in the State. Your
Committee therefore finds that an alternative method of
publication, particularly in electronic format, is preferable.



Your Committee has heard the concerns regarding the provisions in this measure that would permit the Insurance Commissioner to establish interim insurance rates after disapproval of a rate filing. Concerns were raised that unilateral rate impositions would violate an insurer's due process rights and that temporary interim rates would be costly and impractical for insurance carriers to comply with. Your Committee concludes that the Insurance Commissioner should have the authority to intervene if rates are deemed excessive, inadequate, or unfairly discriminatory, but recognizes the need for a notice and hearing process.

Your Committee has amended this measure by:

- (1) Requiring the Insurance Commissioner to publish a list of homeowners insurers and homeowners insurance annual premiums on the Insurance Division's official website, rather than in a newspaper of general circulation in the State;
- (2) Requiring all motor vehicle insurers to provide motor vehicle insurance premium information to the Insurance Commissioner within thirty days of the request;
- (3) Specifying that the Insurance Commissioner shall publish a list of all motor vehicle insurers with representative annual premiums by electronic or online publication on the Insurance Division's official website, rather than in a newspaper of general circulation in the State;
- (4) Allowing the Insurance Commissioner to intervene to adjust insurance rates if the Insurance Commissioner finds that the rates are excessive, inadequate, or unfairly discriminatory;
- (5) Requiring the Insurance Commissioner to issue a written notice of disapproval of a filed rate to an insurer;
- (6) Permitting an insurer who has received written notice of disapproval to file a written request to the Insurance Commissioner for a hearing and specifying procedures for the hearing;

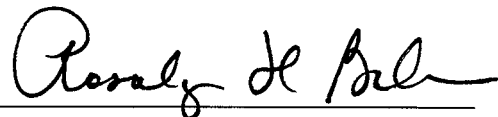


- (7) Clarifying that the Insurance Commissioner's disapproval of a rate filing must be based on actuarial, statutory, factual, and legal bases;
- (8) Deleting the language that would have permitted the Insurance Commissioner to establish interim rate filings whenever the Commissioner issues a written notice of disapproval of a filing; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that the amendments requiring motor vehicle insurers to provide premium information to the Insurance Commissioner upon request and requiring the Insurance Commissioner to publish motor vehicle insurers and rates on the Insurance Division's official website is a proactive measure on behalf of the Commissioner. Your Committee finds that it is in the public interest to have motor vehicle insurance and homeowners insurance information available and accessible in the same location.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2769, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes