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TO THE HOUSE COMMITTEE ON HOUSING

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Wednesday, March 21, 2012
9 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 2009, S.D. 1 – RELATING TO INSURANCE.

TO THE HONORABLE RIDA T.R. CABANILLA, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"),
testifying on behalf of the Department of Commerce and Consumer Affairs
("Department"). The Department supports the intent of this bill, with suggested
technical amendments.

This purpose of this version of the bill is to create a new part in Article 10E of the
Insurance Code, Hawaii Revised Statutes ("HRS") chapter 431, which regulates the use
of claims history information for homeowners insurance and provides certain consumer
protections with respect to the use of this information.

Comprehensive Loss Underwriting Exchange ("CLUE") is a claims history
database, which provides insurance companies access to consumer claims information.

Many states have laws regulating the use of claims history information for homeowners insurance. The driving force of these state laws is to prohibit insurers who use CLUE Reports from increasing premiums, canceling, or not renewing the homeowners insurance policy of a policyholder when the policyholder inquires about the policy without actually making a claim. The Department supports establishing state controls over the use of CLUE Reports when only an inquiry is made and no claim is made or paid.

Since Article 10E currently consists of three sections (HRS §§ 431:10E-101 through 431:10E-103), the Department suggests designating the existing sections as part I and designating the new sections in this bill as part II of Article 10E.

This bill also appears to use the terms "policy" and "contract" interchangeably. The Department recommends replacing all references to "contract" or "contracts" in this bill with the word "policy" or "policies" for purposes of consistency and clarity.

We thank this Committee for the opportunity to present testimony on this matter.