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**TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE**

**TWENTY-NINTH LEGISLATURE
Regular Session of 2018**

Thursday, March 22, 2018
2:00 p.m.

**TESTIMONY ON HOUSE CONCURRENT RESOLUTION NO. 87 AND HOUSE
RESOLUTION NO. 71, REQUESTING THE INSURANCE COMMISSIONER
CONVENE AN INSURANCE MODERNIZATION WORKING GROUP TO UPDATE
AND MODERNIZE THE STATE'S PROPERTY AND CASUALTY INSURANCE AND
LIFE INSURANCE LAWS.**

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify in support of H.C.R. 87 and H.R. 71, Requesting the Insurance Commissioner Convene an Insurance Modernization Working Group to Update and Modernize the State's Property and Casualty Insurance and Life Insurance Laws. My name is Gordon Ito, and I am the Insurance Commissioner ("Commissioner") for the Department's Insurance Division.

The Department notes that the aspirational and exploratory goals of both resolutions are very similar to what is being proposed in S.B. 2938, S.D. 1, which this Committee heard and the Department strongly supported. These resolutions propose that a working group be formed to explore and propose legislation to update and modernize Hawaii's property and casualty insurance and life insurance laws in the face of rapid technological changes in the insurance industry. The Department supports these resolutions but is aware that the process of convening a task force, reporting to

the Legislature, preparing proposed insurance statutory changes resulting from the task force's recommendations, introducing insurance regulation legislation, and implementing the resulting legislation, in addition to allowing a reasonable grace period for the industry, may take at least three or four years. The most recent recodification of Hawai'i's insurance regulatory laws took a similar time period.

Meanwhile, during this proposed three- to four-year time period, meaningful opportunities to deliver new and innovative technologies, products and services will be lost or, at the very least, delayed to Hawai'i's citizens.

The Department also respectfully recommends the scope be expanded to the entire title 24 of the Hawaii Revised Statutes.

The Department believes that the resolutions' proposals and S.B. 2938, S.D. 1, can work well together. The bill allows the Commissioner to review beneficial and innovative consumer products for immediate application while, at the same time, work on the task force with the industry to update and streamline statutory laws. This affords the opportunity to have a seamless transition in the evolution of insurance regulation in Hawai'i.

Thank you for the opportunity to testify in support of these resolutions.



House Committee on Consumer Protection & Commerce Hearing
Date: March 22, 2018 Time: 2:00 pm

RE: HCR 87 / HR 71: Requesting the Insurance Commissioner Convene an Insurance Modernization Working Group to Update and Modernize the State's Property and Casualty Insurance and Life Insurance Laws.

Chair Takumi, Vice Chair Ichiyama, and Members of the Committee, the National Association of Insurance and Financial Advisors (NAIFA) Hawaii represents life insurance producers/agents across Hawaii who primarily market life insurance, annuities, long term care insurance and disability income insurance products.

We offer our comments on these resolutions.

The insurance industry is heavily regulated. These resolutions propose a working group to "explore and propose legislation to update and modernize Hawaii's property and casualty insurance and life insurance laws". Our organization along with 3 representatives from the three largest life insurers operating in Hawaii are named to serve as members of this working group. Representatives from the five largest property and casualty insurers operating in Hawaii, a representative from the Hawaii Independent Insurance Agents Association and a representative from the Hawaii Association for Justice are also invited to serve.

NAIFA Hawaii is an agents/producers association and our members sell the insurance products and provide services to the clients, all under the auspices of the insurers. It's unclear what our role as an organization would serve on this working group since we don't have a say in these "innovative" insurance products and services nor in the technologies available now and in the future to improve efficiencies, reducing the costs of insurance transactions, and expediting claim payments.

We probably will see more "disrupters" in the current insurance models but that is under the insurer's purview as they control the insurance products, sales information, and employment agreements. We are in the front line of educating and selling the products to the consumers and much of that process is also regulated. We appreciate being named to serve on this working group.

Thank you for allowing us to share our viewpoint.

Cynthia Takenaka, Executive Director
Ph: 808-394-3451

HR-71

Submitted on: 3/21/2018 1:27:38 PM

Testimony for CPC on 3/22/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

LATE

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

March 20, 2018
2:00 p.m.

MEASURE: S.B. No. 3064 SD1
TITLE: RELATING TO UTILITY POLES.

Chair Takumi and Members of the Committee:

DESCRIPTION:

Requests immediate, favorable action by the public utilities commission once applications for new joint pole agreements have been submitted. Requires a report from the public utilities commission once the new joint pole agreements have been approved. Requires progress reports to the legislature regarding the removal and replacement of double poles. (SD1).

POSITION:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

COMMENTS:

The Commission supports the development of an agreement around joint poles to aid in resolving double pole issues. Should such an agreement come before the Commission in the future, the Commission will prioritize its review to provide timely action. The Commission will also fulfill its statutory obligation to ensure that any such an agreement is just and reasonable and in the public interest.

Thus, the Commission suggests the Legislature consider deferring this bill and allow the Commission to continue its efforts supporting development of a joint pole agreement. If, however, the Legislature believes it is necessary to communicate its desire to have the

Commission address joint pole issues, the Commission suggests that a resolution rather than a statute may be more appropriate and administratively efficient.

Thank you for the opportunity to testify on this measure.

DRAFT