



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:
S.B. NO. 752, RELATING TO INSURANCE.

BEFORE THE:
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

DATE: Friday, February 14, 2025 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Andrew I. Kim or Christopher J.I. Leong, Deputy Attorneys General

Chair Keohokalole and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill increases the notice period for an insurer to notify a policy holder of a cancellation or nonrenewal of a property casualty insurance policy.

We recommend adding two new sections after section 2 to protect the bill against potential retroactive application and contractual-impairment issues. Because this bill changes the notice requirements for cancellation and nonrenewal, it may have potential retroactive effects on the rights and duties of insurers. The amended notice requirements may also affect existing contractual obligations between an insurer and insured, potentially conflicting with the Contract Clause of the United States Constitution (U.S. Const. art. I, § 10, cl. 1.). To mitigate any possible issues, we recommend inserting the following wording after page 3, line 6:

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. This Act shall not be applied so as to impair any contract existing as of the effective date of this Act in a manner violative of either the Constitution of the State of Hawaii or Article I, Section 10, of the United States Constitution.

The current sections 3 and 4 should then be renumbered accordingly. Thank you for the opportunity to provide comments.

Hawai'i State Legislature
Senate Committee on Commerce and Consumer Protection

February 12, 2025

Filed via electronic testimony submission system

RE: SB 752, Insurance; Property Casualty; Notice; Cancellation; Nonrenewal - NAMIC's Testimony in Opposition

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 14, 2025, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

The National Association of Mutual Insurance Companies consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write approximately \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance.

NAMIC is opposed to changing the current consumer notice time-requirements, because there is no evidence or data to support *the necessity* of this revision to the law. We appreciate that the sponsors of this bill believe that it would be generally beneficial to the consumer to have more time to make insurance decisions before a cancellation or non-renewal. But nowhere in the bill's statement of intent is there a contention that the current timeline is creating an *actual documented problem* for consumers. No reference to Hawaii Division of Insurance (HIC) data or consumer complaint tracking information to support the position that the current timeline is creating an actual problem that: 1) needs to be addressed by the legislature; and 2) merits creating a new insurance rate cost-driver for insurers and ultimately the consumer. Changing consumer notice time-lines requires administrative process changes and IT reprogramming, which have an unavoidable cost.

NAMIC appreciates that it may "sound like a broken record" continually raising insurance rate cost-drivers as a serious concern to every one of the bills (about a dozen bills so far this session) that would inescapably result in new business costs and expenses for insurers and their policyholders. But the fact of the matter is that insurers, like other businesses, are trying their hardest to be mindful of increasing costs unless absolutely necessary, because consumers are struggling with the financial burdens of today's inflationary world. Every new process change has a cost for the insurer and ultimately the consumer, so *shouldn't mandated process changes be imposed sparingly and only in cases where there is a clear problem that necessitates a change in the law and insurer practices?*

In addition, to our general concerns with the public policy perspective of increasing insurance product costs to enact *preferred but not necessary changes*, we are concerned that the proposed timelines are problematic from a practical application standpoint. Many auto insurance policies are six-month term policies so increasing the thirty-days advanced notice to sixty days for the non-renewal is not practical. Also, when it comes to cancellations, state law enumerates the limited reasons for an insurer to cancel a policy, like non-payment of premium and material change in the policy risk. These are things the policyholder generally



knows about, because they were actively engaged in the change of the professional insuring relationship, so providing the consumer with more consumer notice time is really not necessary.

In closing, NAMIC commends the bill sponsors for genuinely caring about insurance consumers and wanting the most pro-consumer protection practices for them. *But isn't protecting the consumer from unnecessary government mandates that unavoidably impact the cost of their insurance product a fundamental and essential pro-consumer protection activity?*

For the aforementioned reasons, NAMIC respectfully requests that this committee **VOTE NO on SB 752.**

Thank you for your time and consideration.

Respectfully,

Christian John Rataj, Esq.
NAMIC Senior Regional Vice President
State Government Affairs, Western Region

SB-752

Submitted on: 2/11/2025 8:28:58 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| Frank Schultz | Individual | Support | Written Testimony Only |

Comments:

I support this initiative.

SB-752

Submitted on: 2/11/2025 11:53:19 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| lynne matusow | Individual | Support | Written Testimony Only |

Comments:

While I support this bill you need to change the notification time to sixty days from anything less.

LATE

Testimony in Support of Senate Bill 752
Senate Committee on Commerce and Consumer Protection
Hawai'i State Senate

February 13, 2025

Honorable Chair Jarrett Keohokalole, Vice Chair Carol Fukunaga, and Committee Members,

I strongly support Senate Bill 752, which extends the notice periods for cancellation and nonrenewal of property casualty insurance policies in Hawai'i. The current ten-day and thirty-day notice periods are too short given the state of the market. Extending these periods to thirty and sixty days, respectively, ensures policyholders have enough time to secure alternative coverage.

The bill's requirement for certified mail delivery provides verifiable proof of notice, reducing disputes and enhancing accountability. Additionally, allowing electronic certified mail, such as e-certified mail, modernizes the process while reducing administrative burdens.

This measure promotes transparency, fairness, and consumer protection in the insurance industry. I urge the committee to pass Senate Bill 752.

Thank you for your consideration.

Sincerely,
Catherine Piazza
Testifying as an Individual