

**ELECTRONIC INSURANCE NOTICES AND DOCUMENTS WORKING GROUP
MINUTES OF NOVEMBER 13, 2013 MEETING
KING KALAKAUA BUILDING
QUEEN KAPIOLANI CONFERENCE ROOM**

Present: Peter Fritz, member of public; Martha Im, Insurance Division; Gordon Ito, Insurance Commissioner; Isaac Kosasa, Hawaii Insurers Council (HIC); Ann Le Lievre, Insurance Division; Alison Powers, HIC; Bob Toyofuku, Commission to Promote Uniform Legislation (Hawaii Commission); Tiffany Yajima, Ashford & Wriston LLP.

Conference Call Participants: Armand Feliciano, Property Casualty Insurers Association of America (PCI); Alex Hageli, PCI; Bob Nash, State Farm Insurance Companies (State Farm); David Leifer, American Council of Life Insurers (ACLI).

1. Call to order; public notice

Insurance Commissioner Gordon Ito called the meeting to order at 8:04 a.m. Public notice for this meeting was timely filed with the Lieutenant Governor's office on November 5, 2013.

Commissioner Ito opened the meeting by thanking members and participants for attending the meeting, and also reminded members that the Working Group is following the Sunshine Law. Discussion among members should occur in open hearing.

2. Approval of minutes of November 4, 2013 meeting

A draft of the minutes of the November 4, 2013 meeting was previously circulated to members for their review.

Bob Toyofuku moved, and Alison Powers seconded, to approve the minutes of the November 4, 2013 meeting. The motion passed unanimously.

3. Report to the Legislature – Continued Discussion

The Working Group continued review of the Draft report and recommendations. Several technical and grammatical corrections were made throughout the report.

The representatives agreed to include the historical development of the Model Law referenced in the Draft Report at page 2 as a footnote. Alex Hageli drafted appropriate language to insert into the Draft Report on this point.

Page 6, lines 1 through 23, Bob Toyofuku stated the section regarding consumer interests was generally accurate. Further, he stated the Hawaii Commission did not oppose, in general, electronic insurance notices and documents. However, the Hawaii Commission was strongly opposed to any option allowing consumers to elect to receive in electronic format insurance documents that were specifically prohibited by Hawaii's UETA. Hawaii's UETA law prohibits electronic transmission of insurance cancellations, terminations, lapses, or material alterations of contracts of insurance, insurance benefits, life settlement or viatical settlement agreements, or service contracts. He requested that the Hawaii Commission's position regarding the exclusions under Hawaii's UETA be stated in the Draft Report.

Page 8, lines 3 through 8, Peter Fritz stated a more accurate legal reference regarding compliance with standards for individuals with disabilities would be the Americans with Disabilities Act, as well as other state disability laws. The Draft Report was corrected to reflect this.

An HIC member proposed language regarding the industry's position on electronic notices and documents. The proposed language was deemed more commentary than factual, and likely more appropriate for inclusion in industry testimony to the Legislature if a bill on this subject is introduced. It was agreed that the Draft Report captured the essential elements of the industry's position, therefore the proposed language was not incorporated into the Draft Report.

a. Draft Report Recommendations

Page 10, recommendation #2a was amended to apply only to industry representatives. After reviewing revised recommendations circulated in Draft Report #2, the Commissioner clarified that he was partially in support of part 1 of the Model Law, allowing for use of electronic notices and documents, including electronic cancellations, terminations, lapses, or material alterations of contracts of insurance, insurance benefits, life settlement or viatical settlement agreements, or service contracts, with the caveat that the consumer must opt-out or affirmatively select to receive these types of documents in electronic format. However, the Commissioner did not agree with proposed fee provisions in part 1 of the Model Law that allow an insurer to charge a consumer for paper copies of documents. The Commissioner's position will be stated as a separate subsection (c) under #2 of the Findings and Recommendations section of the Draft Report.

Page 10, minor adjustments and placement of the Hawaii Commission's positions were made and accepted.

b. Message from Robert Joslin, Hawaii Public Adjusters

Although Robert Joslin could not participate in the meeting due to another commitment, Robert Joslin relayed in a message that Hawaii Public Adjusters along with United Policyholders and NAPIA, two of the nation's better known policyholder advocacy groups, are in general agreement with the pro-consumer positions stated in Draft Report #2. The Hawaii Public Adjusters, United Policyholders, and NAPIA will be submitting formal position letters regarding SCR 159 and use of electronic insurance notices and documents around December 10, 2013. When the letters are received by the Insurance Division, Martha Im will distribute to all representatives and participants.

c. Approval of Draft Report #2 as Final Report

Bob Nash, moved, and Alex Hageli seconded, to accept and approve Draft Report #2 as amended. The Working Group representatives accepted and approved unanimously, Draft Report #2 as amended. Draft #2, as amended, will be submitted to the Legislature as the Final Report of the Electronic Insurance Notices and Documents Working Group.

Any further written submissions after today's meeting will be distributed amongst the participants, but will not be incorporated into the Final Report to the Legislature.

4. Conclusion and Adjournment

The Commissioner thanked everyone for their participation, time, and willingness to conclude the tasks set for this Working Group in a timely manner.

The meeting was adjourned at 9:35 a.m.