

April 17, 2019

BOARD OF GOVERNORS
HAWAII JOINT UNDERWRITING PLAN
INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 Merchant Street, 2ND Floor
Honolulu, Hawaii 96813

I. Call to Order

Mr. Lane Nishioka called the meeting to order at 9:02 a.m. in the Queen Kapiolani Conference Room of the King Kalakaua Building.

Members Present:

Marian Asato (Crum & Forster)
Maria Carvalho (Farmers Hawaii)
Darleen Daguro (First Insurance Company of Hawaii)
Todd Feltman (State Farm)
Russell Lo (Allstate)
Michael Mitsuka (Allianz Global Corporate Specialty)
Lane Nishioka (Island Insurance)

Others Present:

Jerry Bump (DCCA/Insurance Division)
Rae Oda (DCCA/Insurance Division)
Claire Taise-Chee (DCCA/Insurance Division)
Thomas Assad (AIPSO) – Teleconference
Cathie Brockway (AIPSO) – Teleconference
Andrea Olson (AIPSO) – Teleconference
Edward Sullivan (AIPSO) – Teleconference

Members Absent:

Edward Bartolini (Liberty Mutual)

II. Reading of Antitrust Statement

The antitrust statement was read by Mr. Nishioka as follows:

“As members of this organization or participants in this meeting, we need to be mindful of the constraints of the antitrust laws. There shall be no discussions of agreements or concerted actions that may restrain competition. This prohibition

includes the exchange of information concerning individual company rates, coverages, market practices, claims settlement practices or any other competitive aspect of an individual company's operation. Each member or participant is obligated to speak up immediately for the purpose of preventing any discussion falling outside the bounds indicated."

III. Approval of Minutes

Motion was passed unanimously to approve the minutes of the October 17, 2018 and January 16, 2019 meetings.

IV. Financial Reports from the Hawaii Insurance Division/AIPSO

Mr. Assad noted nothing of significance on the general financial reports. In going over the cash flow projection, Mr. Sullivan noted that, based on calendar year 2018, the HJUP is currently taking in just over \$3,000 per month. AIPSO projects, after the \$3.4 million cash distribution in May 2019 to close out policy year 2007, a balance of just over \$5.3 million as of December 2019. While no decision regarding an assessment needs to be made now, AIPSO recommends monitoring the cash closely as another distribution of \$2.1 million will be made in May 2020. If the cash on hand were to drop below the \$2 million contingency fund, AIPSO would ask for an assessment.

V. Items for Discussion

A. Election of 2019 Officers

Based on the past practice of rotating companies, a motion was made and seconded to elect Mr. Edward Bartolini as Chair and Mr. Michael Mitsuka as Vice Chair for 2019. The Board voted unanimously to approve the motion.

B. AIPSO Proposal to Amend the Waiver of Subrogation Rule

AIPSO presented a proposal to amend the Waiver of Subrogation rule to include a primary and noncontributory other insurance condition when required by contract and introduce an endorsement to provide that the named insured's policy will be primary and will not seek contribution from any other insurance available to the person(s) or organization(s) shown in the schedule. ICE quoted \$3,000 and 30 days to program and test the changes. Motion to recommend adoption of the proposed changes to the Commissioner was carried unanimously.

C. AIPSO – System Administrator Report

Mr. Assad reported that there has not been a lot of activity with ICE other than normal system maintenance and support. AIPSO has been working with State Farm, who is exploring whether the quote system will work for their captive agents and considering using the system at some point in the future. AIPSO has not been able to devote time toward further development and enhancement of the system.

D. Other

Mr. Bump said that AIPSO's rate analysis proposal had been distributed to the Board members. Members will review the proposal and funnel any questions for AIPSO through Mr. Bump. The Board may make a recommendation at the next meeting.

VI. Next Board Meeting

July 17, 2019 at 9:00 a.m. in the Queen Kapiolani Conference Room.

VII. Adjournment

The meeting was adjourned at 9:28 a.m.