

April 20, 2022

BOARD OF GOVERNORS
HAWAII JOINT UNDERWRITING PLAN
Virtual Meeting via Zoom Meeting Application

I. Call to Order

Ms. Maria Carvalho called the meeting to order at 9:03 a.m.

Members Present:

Maria Carvalho (Zephyr Insurance)
Todd Feltman (State Farm)
Reid Higashi (Business Insurance Services, Inc.)
Lance Kawano (First Insurance Company of Hawaii)
Chenise Morrow-Blalock (Hawaii Independent Insurance Agents Association)
Lane Nishioka (Island Insurance)
Kim Sato (Farmers Hawaii)

Others Present:

Jerry Bump (DCCA/Insurance Division)
Rae Oda (DCCA/Insurance Division)
Claire Taise-Chee (DCCA/Insurance Division)
Thomas Assad (AIPSO)
Natalie Benkovich (AIPSO)
Jim Chrones (AIPSO)
Alicia Hanson (AIPSO)
Andrea Olson (AIPSO)
Edward Sullivan (AIPSO)
Meredith Chin (First Insurance Company of Hawaii)

Members Absent:

None

II. Reading of Antitrust Statement

The antitrust statement was read by Ms. Carvalho 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

Mr. Feltman moved and Ms. Morrow-Blalock seconded the motion to approve the meeting minutes from January 19, 2022. The motion passed unanimously.

IV. Financial Reports from the Hawaii Joint Underwriting Plan

Financial reports from AIPSO were previously distributed to the board members via email by Mr. Bump. Mr. Assad noted that AIPSO will prepare and submit before the next board meeting a cash flow analysis to include their projected expenses as HJUP's servicing provider.

V. Items for Discussion

A. HJUP Principles of Operation Manual Update

Mr. Assad presented AIPSO's proposed adjustments to the rules of practice designed to allow AIPSO to perform services as a servicing provider consistent with the way they provide them elsewhere while also performing those services consistent with the way the consumer would find them in the voluntary market, as stipulated by statute.

Mr. Bump noted that the administrative rules are in the process of being revised and highlighted the major changes 1) broadening the definition of who can serve as the servicing provider to include an insurance carrier or a third party such as AIPSO; 2) changing the fees from fixed to administered by the board and the Commissioner; 3) changing commissions from fixed to flexible so they can be adjusted if required by market conditions.

AIPSO requested that members submit comments and corrections. Mr. Assad expressed AIPSO's hope that the Principles of Operation will be a filed document. He also noted the need to establish an appeal process that allows for independent review.

In response to Mr. Feltman's suggestion to form a complaint review committee, Mr. Bump said that he would confer with the department's assigned Deputy Attorney General and report to the board at the next meeting.

B. HJUP Commission Rate Discussion

Mr. Assad presented the typical language relative to commissions used by AIPSO in most states and requested the board's guidance as to how to proceed.

Following discussion, Mr. Feltman motioned to recommend to the Commissioner to approve a flat 10% commission with no maximum for new business and renewal business to be monitored to ensure that the HJUP is not adversely selected in the future. Mr. Nishioka seconded the motion. Members voted unanimously to pass the motion.

C. New Private Passenger Application.

AIPSO presented the private passenger application for members' review.

D. Private Passenger Applications Received During Transition

Ms. Benkovich presented AIPSO's process for CPAI and private passenger applications during the transition period and provided the schedule for training.

VI. Next Board Meeting

July 20, 2022 at 9:00 a.m.

VII. Adjournment

The meeting was adjourned at 10:01 a.m.