

July 20, 2022

BOARD OF GOVERNORS
HAWAII JOINT UNDERWRITING PLAN

Queen Liliuokalani Conference Room
King Kalakaua Building, 1st Floor
335 Merchant Street
Honolulu, HI 96813

and

Videoconference via Zoom Meeting Application

I. Call to Order

Ms. Maria Carvalho called the meeting to order at 9:02 a.m.

Members Present:

Maria Carvalho

Todd Feltman (State Farm)

Reid Higashi (Business Insurance Services, Inc.)

Lance Kawano (First Insurance Company of Hawaii) – Joined at discussion item
V. B. (9:20 a.m.)

Chenise Morrow-Blalock (Hawaii Independent Insurance Agents Association)

Lane Nishioka (Island Insurance)

Others Present:

Jerry Bump (DCCA/Insurance Division)

Kathleen Nakasone (DCCA/Insurance Division)

Rae Oda (DCCA/Insurance Division)

Claire Taise-Chee (DCCA/Insurance Division)

Christly Yoshizawa (DCCA/Insurance Division)

Thomas Assad (AIPSO)

Douglas Beck (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:

Kim Sato (Farmers Hawaii)

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. Nishioka moved and Mr. Feltman seconded the motion to approve the meeting minutes from April 20, 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 by Mr. Bump via email. Mr. Sullivan reviewed the cash flow projection as of March 2022, stating that AIPSO does not see a need for an assessment at this time but adding that one might be necessary in 2024 or 2025.

V. Items for Discussion

A. Proposal for Determination of Private Passenger Auto

Ms. Olson presented AIPSO’s proposed rule amendments to state that the 431:10C-407(B)(1)(E) Eligible Insureds Only rates are to be used when two or less points are charged on a policy and the Non-CPAI Private Passenger Autos rates are to be used when three or more points are charged. The proposed amendments include added language clarifying that the same rates are applicable to all autos on the policy. Following discussion, Mr. Feltman moved and Mr. Nishioka seconded the motion to recommend to the Commissioner to approve the proposal. The motion passed unanimously.

B. HAR 16-23-73 – Sole Registered Owner Requirement

Mr. Bump explained that during the transition of CPAI business, AIPSO noted two prior servicing carriers were handling the sole registered owner requirement inconsistently with HAR 16-23-73. This administrative rule only allows coverage

to be issued if the eligible insured is the sole registered owner of the vehicle. AIPSO asked the Insurance Division for clarification. Mr. Bump discussed with legal staff and the Commissioner and it is their intent to work on a rule change to allow spouses or domestic partners to also be a registered owner on the vehicle. Until such time there is a rule change, AIPSO has been instructed that they must follow the HAR as it is currently written. There was board discussion surrounding the idea of expanding the eligibility to include spouses or domestic partners and consensus was this seems to be an appropriate change needed. Mr. Bump will work on gathering more information and hopes to have draft language for the board review at the next meeting in October.

C. Update from AIPSO on Servicing of PP and CPAI

Ms. Benkovich provided the board with an update on the transition to AIPSO becoming the HJUP's servicing provider as of June 1, 2022, reporting that the transition has gone smoothly and the partnership with on-island presence IC International has worked out well.

Mr. Beck reported the CPAI policy count as of July 20 was 174, with 96 in-force policies at the end of June, noting that there have been no cancellations and no claims to date.

Mr. Beck said that due to carriers typically sending expiration letters to insureds about 45 to 50 days in advance of their policy term expiring, with Mr. Bump's approval, AIPSO modified their process so that they can issue future effective dates up to 45 days in advance rather than 30 days.

D. Update on Administrative Rule Changes

Mr. Bump noted that the administrative rule changes to Hawaii Administrative Rules Chapter 16-23 were signed by the Governor on June 22, 2022, with the main changes being 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) broadening the ability of the Commissioner with the recommendation of the board to adjust compensation for agents and the servicing provider as needed.

VI. Next Board Meeting

October 19, 2022 at 9:00 a.m.

VII. Adjournment

The meeting was adjourned at 9:45 a.m.