

January 18, 2023

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. Kim Sato called the meeting to order at 9:03 a.m.

Members Present:

Todd Feltman (State Farm)
Chenise Morrow-Blalock (Hawaii Independent Insurance Agents Association)
Lane Nishioka (Island Insurance)
Kim Sato (Farmers Hawaii)

Others Present:

Jerry Bump (DCCA/Insurance Division)
Claire Taise-Chee (DCCA/Insurance Division)
Thomas Assad (AIPSO)
Douglas Beck (AIPSO)
Natalie Benkovich (AIPSO)
Jim Chrones (AIPSO)
Alicia Hanson (AIPSO)
David Maynard (AIPSO)
Edward Sullivan (AIPSO)
Tracy Walsh (AIPSO)
Meredith Chin (First Insurance Company of Hawaii)

Members Absent:

Maria Carvalho
Reid Higashi (Business Insurance Services, Inc.)
Lance Kawano (First Insurance Company of Hawaii)

II. Reading of Antitrust Statement

The antitrust statement was read by Ms. Sato 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 Mr. Nishioka seconded the motion to approve the meeting minutes from October 19, 2022. The motion passed unanimously.

IV. Financial Reports from the Hawaii Joint Underwriting Plan

Mr. Bump mentioned that the financial reports previously sent to the board through email, will now be accessible on the state calendar, where the board packet is posted with the financial reports. Mr. Bump will send an email to the board with a link when the packet is posted.

Mr. Sullivan provided a summary of the cash flow report and mentioned a revision to include the on-island presence fees that were not previously included. Mr. Sullivan confirmed that the HJUP has previously targeted maintaining a \$2 million contingency reserve. By the end of 2023, we will have a better idea if an industry assessment is needed.

V. Items for Discussion

A. Servicing of PP and CPAI Update

Mr. Beck provided an update from AIPSO on the servicing of private passenger and CPAI business. As of December 31, 2022, they have 611 CPAI policies and 5 PP policies on the new platform. Nothing unusual to report at this time, as administrating this business has been going smoothly. Coordination between AIPSO and IC International has been going very well and no issues to report.

B. Revisions to A&S Manual

Mr. Bump mentioned the manual revisions were distributed in the board packet, but he understands that the board may need more time to review before making any recommendations to approve. Mr. Maynard drafted the changes and was available for questions. Mr. Nishioka noted a large reduction in the number of pages for Chapter 9 and inquired whether the requirements for reporting were being reduced. Mr. Maynard explained that most of the changes in the revised manual were to account for the change in how the business is now being serviced. Instead of multiple carriers reporting to AIPSO, who then would consolidate those results, now AIPSO can obtain the information directly from their systems.

Mr. Nishioka also inquired about the Principles of Operation and that it still references servicing carrier. Mr. Bump explained that the administrative rules were revised and replaced servicing carrier with servicing provider. A servicing provider could be an insurance carrier or an entity like AIPSO. Mr. Bump suggested future revisions to the manuals should replace the servicing carrier reference with servicing provider, but it was not a rush to get this revised.

Mr. Assad also explained that many of the changes that are being made in the manuals is to be transparent on the procedures for administrating the HJUP business. Previously servicing carriers handled the business similar to their voluntary business and those procedures were not documented in the manuals.

Mr. Feltman recommended changes regarding servicing language found on page one of the A&S manual. AIPSO agreed and Mr. Feltman will send the suggested language to AIPSO and the Division.

Mr. Bump suggested we table the recommendation of approving the manual until the next meeting to allow for more review time and to incorporate additional changes. Board was in agreement.

C. Revision to CPAI Sole Registered Owner Requirement

Mr. Bump updated the board that DHS provided an interpretation of the sole registered owner requirement rule for CPAI coverage. If both registered co-owners are eligible for public assistance, then they should qualify for CPAI coverage. The Insurance Division was fine with this interpretation and proceeded to revise the forms that DHS will now distribute. Mr. Beck explained that they are not receiving applications yet on the new form, but if

two names are listed on the old form, they are being processed accordingly.

D. Commercial Implementation Update

Ms. Benkovich provided a project status report for transitioning commercial HJUP business from the current carriers to AIPSO. AIPSO is just beginning kickoff of this project and is planning to leverage the approach they took with transitioning PP and CPAI business. Ms. Benkovich also mentioned working with ICE system to integrate the rating engine already developed for the HJUP. Additionally, AIPSO is working to determine what PP data needs to be maintained on the ICE system and for how long, with the goal at some point to discontinue paying ICE for maintaining the PP rating system.

Mr. Feltman inquired about ICE system and whether producers access the software over the web, or if they would have to download software. Ms. Benkovich did confirm that as of today the software would need to be downloaded. However, AIPSO may explore options with ICE to see if they transition to a web-based platform. Mr. Feltman shared that for captive agents who don't have the ICE system today, it may be a problem for them to download the ICE software onto their systems due to company restrictions.

VI. Next Board Meeting

April 18, 2023 at 9:00 a.m.

VII. Adjournment

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