

January 17, 2024

BOARD OF GOVERNORS  
HAWAII JOINT UNDERWRITING PLAN

PVL Examination Room  
King Kalakaua Building, 3rd Floor  
335 Merchant Street, Room 330  
Honolulu, HI 96813

and

Videoconference via Zoom Meeting Application

**I. Call to Order (00:00:05)**

Mr. Lance Kawano called the meeting to order at 9:01 a.m.

Members Present:

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)  
Kathleen Nakasone (DCCA/Insurance Division)  
Rae Oda (DCCA/Insurance Division)  
Claire Taise-Chee (DCCA/Insurance Division)  
Thomas Assad (AIPSO)  
Alicia Hanson (AIPSO)  
Victoria Ivanov (AIPSO)  
Andrea Olson (AIPSO)  
Edward Sullivan (AIPSO)  
Tracy Walsh (AIPSO)

Members Absent:

None

**II. Reading of Antitrust Statement (00:03:00)**

The antitrust statement was read by Mr. Kawano 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 (00:04:10)**

Mr. Feltman moved to approve the meeting minutes from October 17, 2023. Mr. Nishioka seconded the motion. With no members objecting, the motion passed unanimously.

**IV. Financial Reports from the Hawaii Joint Underwriting Plan (00:04:32)**

Mr. Bump said that the cash flow projection does not look very favorable, noting that, with a drain in cash of about \$800,000 over the last 12 months, cash on hand is anticipated to drop below \$2 million. He suggested waiting for the April cash flow report to decide whether to issue an assessment.

Following questions regarding the accounting from Mr. Kawano and responses from Mr. Assad and Mr. Sullivan, Mr. Assad agreed to have AISPO put together a high-level summary to be distributed to the board members and offered to meet afterwards with any members who are interested in further discussion.

Mr. Bump recommended getting a proposal from AIPSO for a repricing analysis to be presented to the board at the April meeting.

**V. Items for Discussion**

**A. AIPSO Proposal – Commercial Auto Application Changes (00:26:44)**

Ms. Olson presented AIPSO’s proposed amendments to update the HJUP Plan of Operations and the Attachments Section of the commercial auto application based on requests from the servicing carrier and IC International. There were no questions from the board.

Mr. Feltman moved to recommend to the Commissioner to approve the changes. Mr. Kawano seconded the motion. With no objections from the board members,

the motion passed unanimously.

**B. AIPSO Proposal – Electronic Option for Submission of Policy Change Requests (00:28:03)**

Ms. Hanson presented AIPSO's proposal to introduce an electronic option for submission of Private Passenger PCRs to include e-mail, facsimile, and telephone and an electronic option for submission of Commercial PCRs to include e-mail and facsimile. Mr. Feltman noted that the proposal is going to multiple state mechanisms across the country. Ms. Hanson agreed, noting that Hawaii is one of the latter states to be looking at it.

Mr. Kawano moved to recommend to the Commissioner to approve the changes. Ms. Blalock seconded the motion. With no board members objecting, the motion passed unanimously.

**C. Servicing Provider Update from AIPSO (00:29:29)**

Ms. Walsh said that the private passenger side of AIPSO's operations have been status quo and running smoothly, noting that, as of December 31, 2023, there were 20 private passenger policies and 1,015 CPAI policies in force. She said that AIPSO is prepared to take on HJUP's commercial business effective January 1, 2026. Mr. Assad added that State Farm has indicated that they are willing to service HJUP's commercial business until that date.

Mr. Assad said that AIPSO has started putting together a price proposal. He said that AIPSO hopes to service the business under the same fee structure that the HJUP was paying to the servicing carriers in the past; however, the way AIPSO operates commercial auto insurance programs around the country is a bit different from the way the HJUP operates. AIPSO is trying to find solutions that meet HJUP's requirements. Pricing will address all of those issues.

**D. AIPSO Residual Market Forum – April 24, 2024 (00:32:32)**

Mr. Bump reminded the board that AIPSO's annual Residual Market Forum will take place on April 24, 2024, noting that the HJUP can sponsor one board member's travel to attend the forum.

**VI. Next Board Meeting (00:34:12)**

April 17, 2024 at 9:00 a.m.

**VII. Adjournment (00:34:19)**

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