

July 16, 2025

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 (00:00:00)

Mr. Jerry Bump called the meeting to order at 9:00 a.m.

Members Present:

Todd Feltman (State Farm)
Reid Higashi (Business Insurance Services, Inc.)
Lance Kawano (First Insurance Company of Hawaii)
Lane Nishioka (Island Insurance)

Others Present:

Jerry Bump (DCCA/Insurance Division)
Thomas Assad (AIPSO)
Natalie Benkovich (AIPSO)
Jim Chrones (AIPSO)
Caren Kerman (AIPSO)
David Maynard (AIPSO)
Andrea Olson (AIPSO)
Tracy Walsh (AIPSO)

Members Absent:

Chenise Morrow-Blalock (Hawaii Independent Insurance Agents Association)
Kim Sato (Farmers Hawaii)

II. Reading of Antitrust Statement (02:06)

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 (02:57)

Mr. Feltman moved to approve the meeting minutes from April 23, 2025. Mr. Higashi seconded the motion. With no members objecting, the motion passed unanimously.

IV. Financial Reports from the Hawaii Joint Underwriting Plan (03:34)

Mr. Bump reviewed the cash flow analysis, noting the current cash balance was approximately \$3 million as of the end of March. Projections that included potential large claims forecasted a year-end balance of \$1.7 million. Mr. Nishioka clarified that one of the large claims (\$300,000 for Island Insurance) had already been closed and paid. A discussion followed regarding the threshold for reporting large claims, with a consensus to clarify the exact amount required. Given the projections, the board agreed that a new assessment was not yet necessary and decided to revisit the topic at the October meeting after reviewing the June cash flow data.

V. Additional Items for Discussion

A. Servicing Provider Update (12:49)

Ms. Walsh reported on personal auto operations, stating that as of June 30, there were 13 new personal applications and 487 CPAI certificates. Total policies in force are approximately 1,000, with 982 being CPAI. Ms. Kerman provided an update on the commercial side, confirming they are on track for the January 1 go-live date and are developing a new internal quoting system targeted for the third quarter of the following year. Mr. Bump added that the commercial services contract is currently under review by the Attorney General's office.

B. Proposal – Commercial Auto Coverage Parts Program (16:16)

Mr. Bump noted a correction to the agenda: item C, "Proposal - Retraction of a Commercial Application," was approved at the previous meeting and would be skipped. A separate proposal for commercial auto rule changes was mistakenly omitted from the packet and will be circulated to the board via email for review.

Ms. Olson presented the proposal to adopt the ISO 2020 edition of the commercial auto coverage parts program, replacing the 2013 edition. The update is intended to keep the plan current with industry standards. Following the presentation, Mr. Feltman moved to recommend the proposal to the Commissioner. Mr. Kawano seconded the motion, which passed unanimously.

D. Discussion – Adding Driving School Rates to the Plan Rules (21:30)

Mr. Feltman initiated a discussion about creating plan rates for commercial truck driving schools. He noted that several such risks have been written, but without specific rates, they are individually submitted to the department, a process which has consistently resulted in a rate of 200% of the truck tractor base rate. To improve efficiency, he recommended formally adding this rate to the plan manual. The Board agreed with the concept, and Mr. Bump requested that AIPSO draft a formal proposal for review at the next meeting.

E. Discussion – Producer Survey Feedback (25:31)

Ms. Benkovich presented a summary of feedback from a producer survey. Key themes included: 1) the inability to edit an application after submission, which is by design as coverage is bound upon submission; 2) challenges from dealing with multiple points of contact, which will be resolved when AIPSO becomes the sole processor; and 3) difficulty entering additional insured information due to space limitations. Ms. Benkovich stated that AIPSO is working on system enhancements to address the additional insured issue. The board discussed strategies for increasing survey participation and feedback, including direct outreach to high-volume producers.

VI. Next Meeting (36:30)

The next meeting is scheduled for Wednesday, October 15, 2025, at 9:00 a.m.

VII. Adjournment (36:30)

The meeting was adjourned at 9:37 a.m.