



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Tuesday, March 12, 2013
10 a.m.

**TESTIMONY ON SENATE BILL NO. 345, S.D. 1 – RELATING TO PORTABLE
ELECTRONICS INSURANCE.**

TO THE HONORABLE CLIFT TSUJI, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”).

The Department supports the intent of this bill, which is to amend Hawaii Revised
Statutes (“HRS”) § 431:31-107(e) by adjusting the licensing fees for portable electronics
insurance producers.

The portable electronics insurance producer limited lines license permits the
vendor to operate from multiple locations and supervise the sale of insurance by
unlicensed individual employees. This is similar to the limited lines motor vehicle rental
company producer license HRS § 431:9A-142 *et. seq.* In this model, the licensee and
all of its producing employees are subject to one fee for issuance and one fee for
licensing. That is, unlike other types of producer licenses that license just one
individual, these two licenses license the activities of multiple individuals. The motor
vehicle rental company producer pays a \$2,000 issuance fee and \$1,200 annual service
fee until July 1, 2014 and, thereafter a \$1,000 issuance fee and \$600 annual service
fee.

We thank this Committee for the opportunity to present testimony on this matter.

March 12, 2013

Representative Clift Tsuji, Chair
Representative Gene Ward, Vice Chair
Committee on Economic Development and Business

RE: SB345 SD1 Relating to Portable Electronic Insurance

Dear Chair Tsuji, Vice Chair Ward and Members of the Committee:

Please accept this written testimony on behalf of Asurion in support of Senate Bill 345 SD1. Asurion is the leading provider of handset protection programs in the country and has joined with leading wireless carriers throughout the world to bring this valuable product to consumers.

In 2012 the Hawaii Legislature passed Senate Bill 2655 enacting a regulatory scheme governing the sale of portable electronic insurance by creating a licensing framework under which the retailer itself holds a license which authorizes its employees to sell this insurance product on the retailer's behalf. This model is consistent with the national trend that we have seen with respect to the regulation of this product as it creates an efficient and fair licensing framework for the entities offering this product to consumers and gives regulators the authority they need to effectively oversee these activities. Similar legislation has been passed in 42 other states and counting.

One of the differences between the law which was enacted in Hawaii and that of other states is Hawaii has a significantly lower fee for licensure. It may seem odd that we come before you asking for higher fees, but we feel they are appropriate considering how the license works in practice. Each year only a handful of licenses are issued or renewed. Nevertheless, the Department of Insurance carries the burden of maintaining a separate license category for those few license holders. It is appropriate to offset departmental costs of such maintenance and oversight by a higher per-license fee. Senate Bill 345 SD1 increases the license and renewal fees accordingly.

We would ask that you vote favorably to move this bill from your Committee today.

Sincerely,

John H. Radcliffe

