

Honolulu, Hawaii

Feb 8, 2006

RE: H.B. No. 2811

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2811
entitled:

"A BILL FOR AN ACT RELATING TO MUTUAL BENEFIT SOCIETIES,"

begs leave to report as follows:

The purpose of this bill is to ensure that mutual benefit societies operate for the primary benefit of members and their beneficiaries by providing the Insurance Commissioner with the authority to oversee and regulate certain aspects of the administration of mutual benefit societies.

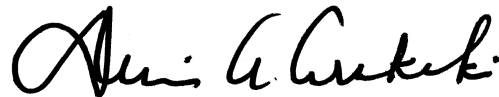
The Department of Commerce and Consumer Affairs, Hawaii Psychiatric Medical Association, and Hawaii Coalition for Health testified in support of this bill. The Hawaii Association of Health Plans and Hawaii Medical Services Association testified in opposition to this measure. The American Council of Life Insurers commented on this measure.

Currently, the governance of a mutual benefit society is not subject to review by the Insurance Commissioner. The Insurance Commissioner only has jurisdiction over financial solvency and rate regulation issues with regard to mutual benefit societies. Your Committee finds that members of mutual benefit societies are encountering problems with mutual benefit societies as the authority of management is unchecked. This measure attempts to alleviate some of these concerns.



As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2811 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Health,



DENNIS A. ARAKAKI, Chair



