

Honolulu, Hawaii

**MAR - 3 2006**

RE: S.B. No. 2283  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 2283 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update and conform current statutes governing insurer examinations and commercial general liability extended reporting requirements with the changes and revisions in the most current National Association of Insurance Commissioners Model Acts and Model Regulations.

Testimony in support of the measure was submitted by the State Insurance Commissioner on behalf of the Department of Commerce and Consumer Affairs, and by Hawaii Employers' Mutual Insurance Company. The American Council of Life Insurers testified in partial opposition to the measure. Royal State National Insurance Company commented that it has reservations regarding the measure.

Your Committee finds that this measure will:

- (1) Enable the Department of Commerce and Consumer Affairs to better monitor the financial condition of insurers, by requiring an annual examination of insurers' financial statements by independent certified public accountants;



- (2) Protect policyholders by extending the period in which a policyholder can lawfully make a claim under a commercial general liability policy; and
- (3) Allow for routine alcohol screening and intervention to initiate care before problems progress to severe stages requiring more costly and intensive treatment and medical services.

Your Committee has amended this measure to:

- (1) Delete enactment of the draft model regulation for annual audited financial reports, which may be premature at this time;
- (2) Delete the section repealing the optional provision under which the insurer shall not be liable for any loss as a consequence of the insured's being intoxicated or under the influence of narcotics, as this matter is the subject of S.B. No. 2364;
- (3) Delete sections of the bill relating to certificate of authority, residual market plan, and assigned risk coverage for workers' compensation insurance, as these amendments are technical in nature and not substantive; and
- (4) Make other technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2283, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Housing,

  
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RON MENOR, Chair



