

# HOUSE OF REPRESENTATIVES

AMENDMENT TO: Senate Bill No. 1676, Senate Draft 2, House Draft 1

OFFERED BY: Representative Kymberly Pine *[Signature]*

DATE: April 10<sup>th</sup>, 2007

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SECTION 1. Senate Bill No. 1676, Senate Draft 2, House Draft 1, is amended by deleting its contents and replacing it with the following language, to read as follows:

"SECTION 1. The legislature finds that the cost of medical malpractice and hospital professional and general liability coverage continues to rise and that stability in risk financing is needed for the Hawaii health systems corporation and the physicians serving this entity. The escalating costs of premiums, lack of insurers providing coverage in Hawaii, decreased limits of available coverage, and coverage restrictions, make it important to establish a captive insurance company to insure and control exposure to the liability risks of the aforementioned entity.

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The purpose of this Act is to authorize and provide initial funding for the establishment of a domestic captive insurance company by the Hawaii health systems corporation to provide medical malpractice and hospital professional and general liability coverage for the corporation and its facilities and the physicians serving therein.

SECTION 2. Chapter 323F, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§323F- Captive insurance company; authorized. (a) The corporation may establish a captive insurance company in accordance with article 19, chapter 431, to provide medical malpractice and hospital professional and general liability coverage for Hawaii health systems facilities and their physicians.

(b) In organizing a captive insurance company:

(1) The corporation shall submit a formalized financial plan to the director of finance for review and approval; and

(2) Upon receiving the approval required by paragraph (1), and in addition to the documents required by article 19, chapter 431, the corporation shall submit to the insurance commissioner a formalized business plan that

includes the establishment of a captive insurer board of directors."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ \_\_\_\_\_, or so much thereof as may be necessary for fiscal year 2007-2008, and the same sum, or so much thereof as may be necessary for fiscal year 2008-2009, to be deposited into the Hawaii health systems corporation special fund.

The sums appropriated shall be expended by the Hawaii health systems corporation for the purposes of this Act.

SECTION 4. There is appropriated out of the health systems special fund the sum of \$ \_\_\_\_\_, or so much thereof as may be necessary for fiscal year 2007-2008, and the same sum, or so much thereof as may be necessary for fiscal year 2008-2009, for the Hawaii health systems corporation to establish the captive insurance company authorized by this Act.

The sums appropriated shall be expended by the Hawaii health systems corporation for the purposes of this Act.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2007."