

STAND. COM. REP. NO.

792

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1412
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1412, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FRAUD,"

begs leave to report as follows:

The purpose of this measure is to establish the Insurance Fraud Investigations Branch within the Insurance Division of the Department of Commerce and Consumer Affairs.

More specifically, the Insurance Fraud Investigations Branch would replace the existing Insurance Fraud Investigations Unit in order to prevent, investigate, and prosecute, both civilly and criminally, insurance fraud relating to all lines of insurance, except workers' compensation insurance.

This measure also establishes administrative, civil, and criminal penalties for insurance fraud and requires that fines and settlements resulting from successful fraud prosecutions be deposited into the Compliance Resolution Fund to help the Insurance Fraud Investigations Branch cover some of the costs of its operation.

Your Committee received comments in support of this measure from the Department of the Attorney General, the Department of Commerce and Consumer Affairs, the Hawaii Association of Health Plans, the Hawaii Insurers Council, the Hawaii Medical Service Association, and State Farm Insurance Companies. Comments in opposition were submitted by the Hawaii State AFL-CIO.

SB1412 SD2 SSCR LRB 07-2936.doc



Your Committee finds that no line of insurance is immune to the problem of insurance fraud. Hawaii's insurance fraud law should be expanded to include all lines of insurance. This will help deter perpetrators of insurance fraud by demonstrating that no line of insurance will be a safe haven for those who commit insurance fraud.

Your Committee has amended this measure by:

- (1) Clarifying the definition of "licensee";
- (2) Clarifying the state of mind necessary to incur administrative penalties; and
- (3) Making technical nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1412, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1412, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1412 SD1	CPH/JDL, WAM	2-22-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
KIM, Donna Mercado				/
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
WHALEN, Paul	/			
TOTAL	9			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes