

STAND. COM. REP. NO.

2592

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 3016

S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 3016 entitled:

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

begs leave to report as follows:

The purpose of this measure is to create a more competitive market for mutual benefit societies by establishing a cap on the deposit required to operate a mutual benefit society at not more than \$20,000,000, and deleting the benefit fund requirement under section 432:1-401, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, and the Hawaii Medical Service Association.

Your Committee finds that small mutual benefit societies are having difficulty complying with the "one-half of twenty times the maximum benefit payable in thirty days" deposit requirement under section 432:1-306, Hawaii Revised Statutes. Deposits by mutual benefit societies protect the public in the event of insolvency; however, tying up unnecessarily large sums in deposits deprives the insurer of funds that could be used to defer premium increases. This measure will remove a barrier to entry for new mutual benefit societies, and allow for a more competitive market, which fulfills the intent of this measure.

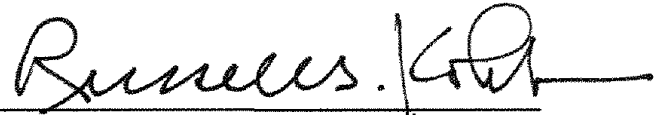
Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and style.

2008-1634 SSCR SMA.doc



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3016, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3016, S.D. 1.

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




RUSSELL S. KOKUBUN, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3016	HTH, CPH	2-25-08		
<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
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon	✓			
<b>TOTAL</b>	<b>4</b>			<b>3</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes