

STAND. COM. REP. NO. **2461**

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 3016

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

Madam:

Your Committee on Health, 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:

- (1) To cap the deposit required to operate a mutual benefit society at not more than \$20,000,000 and delete the benefit fund requirement; and
- (2) To delete references to the benefit fund from chapter 432, Hawaii Revised Statutes (HRS).

Your Committee received testimony in support of this measure from 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 in the current law and a cap of \$20,000,000 on the deposit requirement would be less prohibitive.

Your Committee further finds that deposits by mutual benefit societies protect the public in the event of insolvency; however, tying up unnecessarily large sums in deposit deprives the insurer of funds that could used to defer premium increases. Making the deposit requirement relative to the size of the mutual benefit

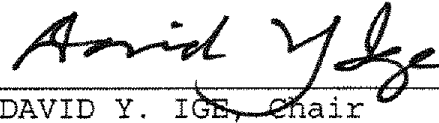
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society is fairer and removes a barrier to entry for new mutual benefit societies, thus allowing for a more competitive market.

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 S.B. No. 3016 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

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

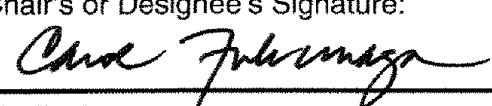


DAVID Y. IGE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* SB 3016	Committee Referral: HTH, CPH	Date: 02-14-08		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
FUKUNAGA, Carol (VC)	✓			
BAKER, Rosalyn H.	✓			
MENOR, Ron	✓			
WHALEN, Paul	✓			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes