

STAND. COM. REP. NO. 2640

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 3018
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. 3018 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that the Insurance Division of the Department of Commerce and Consumer Affairs meets the requirements for accreditation by the National Association of Insurance Commissioners (NAIC) by clarifying the reporting requirements for insurers and making the standards for actuarial opinions consistent among all insurers, including captives, fraternal benefit societies, health maintenance organizations, and mutual benefit societies.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs; the Hawaii Captive Insurance Council; Artex Risk Solutions, Inc.; and the American Council of Life Insurers. The Hawaii Medical Service Association submitted comments.

The Insurance Division of the Department of Commerce and Consumer Protection is periodically reviewed by the NAIC for compliance with national standards in order to renew its NAIC accreditation. Accreditation certifies to other jurisdictions that Hawaii's financial surveillance, examination, and reporting on insurance licensees are reliable. Without NAIC accreditation, other states will be unable to rely upon the analysis and



examinations of Hawaii-domiciled insurers conducted by the Insurance Division.

Your Committee finds that NAIC accreditation standards require that the Insurance Division adopt certain statutes and rules. Adopting new provisions and amending existing statutes relating to the disclosure of material transactions will allow the Insurance Division to be in compliance with the NAIC model.

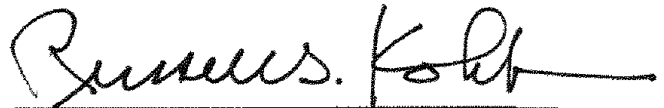
Your Committee has amended this measure by:

- (1) Adopting technical and clarifying amendments suggested by the Insurance Division; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to ensure that the Insurance Division of the Department of Commerce and Consumer Affairs meets the requirements for accreditation by the National Association of Insurance Commissioners.

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. 3018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3018, 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 Affordable
Housing,

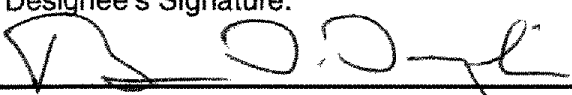


RUSSELL S. KOKUBUN, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

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

Bill / Resolution No.:* SB 3018	Committee Referral: CPH	Date: 2/14/08		
<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 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	✓			
TOTAL	4	0	0	3
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