



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH
DIRECTOR

RONALD BOYER
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Wednesday, March 12, 2008
2:15 p.m.

**TESTIMONY ON HOUSE CONCURRENT RESOLUTION NO. 66/HOUSE
RESOLUTION NO. 57 – SUPPORT OF SURPLUS LINES INSURANCE MULTI-STATE
COMPLIANCE COMPACT.**

TO THE HONORABLE ROBERT HERKES, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”). The Department supports House Concurrent Resolution 66 and House
Resolution 57, which support adoption of the surplus lines insurance multi-state
compliance compact (“compact”).

The subject of these resolutions is intended to modernize and to streamline state
laws governing surplus lines and independently procured insurance for multi-state risks
while reducing confusion, duplication and inconsistent tax and regulatory requirements.

The compact provides for exclusive single-state regulatory compliance, uniform
tax allocation formulas and a clearinghouse to facilitate the calculation and reporting of
premium taxes due to the compacting states.

The failure of the states to modernize this important area of insurance regulation
will add momentum to those organizations and individuals supporting federal oversight

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of federally chartered insurers. Federal insurance regulation initiatives would stymie states' authority to regulate insurance and collect insurance premium taxes.

The Hawaii Insurance Division will work together with the National Association of Insurance Commissioners ("NAIC") in developing proposed legislation for the surplus lines insurance multi-state compliance compact to be adopted by the State.

We thank the Committee for this opportunity to testify and ask for your favorable consideration.