

Honolulu, Hawaii

MAR 25 2009

RE: H.B. No. 1074  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1074, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update the Insurance Code by:

- (1) Adding missing statutory references to clarify the deposit and lapsing requirements for funds generated from the drivers education fund underwriters fee for motorcycle and motor scooter insurance policies;
- (2) Clarifying the standards applicable to the preparation of annual audited financial statements presently required of domestic insurers;
- (3) Clarifying allowable insurer investments to meet capital and reserve requirements;
- (4) Setting a time limit for insurers to claim the Retaliatory Tax Credit;
- (5) Limiting the issuance of surplus lines broker licenses;
- (6) Allowing a limited adjuster license for crop insurance claims;



- (7) Amending continuing education requirements for licensees; and
- (8) Amending rate filing requirements to accommodate Hawaii's March 1, 2009 adoption of the National Association of Insurance Commissioners System for Electronic Rate and Form Filing.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, The American Council of Life Insurers, National Council of Insurance and Financial Advisors, and Hawaii Independent Insurance Agents Association. Testimony with comments was received from Hawaii Medical Service Association and Char Hamilton Campbell & Yoshida. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure is necessary to ensure that the Insurance Code is both current and in conformity with the best practices in insurance regulation. Your Committee further finds that the amendments to continuing education requirements allow Hawaii to remain in compliance with the requirements of the National Association of Insurance Commissioners. Your Committee notes that testimony in support of this measure was received from representatives from the insurance industry as well as from the Department of Commerce and Consumer Affairs, the regulator body that oversees the industry.

Your Committee has amended this measure by:

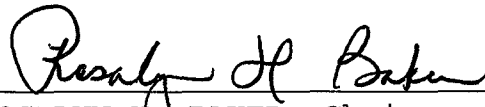
- (1) Clarifying that both workers' compensation and crop insurance limited adjusters licenses require renewal by examination;
- (2) Changing its effective date to July 1, 2009; and
- (3) Making nonsubstantive technical amendments for the purposes of clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1074, H.D. 2, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as H.B. No. 1074, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



