

STAND. COM. REP. NO.

2781

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2354  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2354, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FRAUD,"

begs leave to report as follows:

The purpose of this measure is to prevent individuals, entities, and insurers from failing to cooperate with the Department of Commerce and Consumer Affairs' insurance fraud investigations.

This measure also precludes individuals who do not cooperate with the Department's investigations and prosecutions from collecting proceeds or vestitution resulting from the investigations and prosecutions.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Hawaii Medical Service Association, the American Council of Life Insurers, and State Farm Insurance Companies. Testimony in support of the intent of this measure with amendments was submitted by the Hawaii Association for Justice. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that insurance fraud is a national problem, with fraudulent or abusive claims costing the healthcare industry alone from \$125 billion to \$175 billion annually. This

2010-1576 SSCR SMA-1.doc



measure, patterned after Section 9 of the National Conference of Insurance Legislators' Insurance Fraud Model Act, will strengthen existing insurance fraud provisions and improve the Department of Commerce and Consumer Affairs' ability to investigate insurance fraud.

Your Committee has amended this measure by:

- (1) Removing immunity for a person who falsely and maliciously accuses another person of insurance fraud; and
- (2) Making this measure effective on July 1, 2010.

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. 2354, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2354, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.

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



ROSALYN H. BAKER, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>HB 2354 HDI</b>	Committee Referral: <b>CPN, J 90</b>	Date: <b>3/12/10</b>		
<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
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>5</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Will Espero</i>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes