

STAND. COM. REP. NO.

2389

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2697  
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 S.B. No. 2697 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 in order to bring Hawaii's law into conformity with the best practices in insurance regulation.

Your Committee received testimony in support of this measure from the Insurance Commissioner of the Department of Commerce and Consumer Affairs. Testimony in opposition to this measure was received from Hawaii Insurers Council. Testimony with comments was received from the Office of Information Practices, the American Council of Life Insurers, the Hawaii Medical Service Association, USAA, the Hawaii Association of Health Plans, and the Property and Casualty Insurers Association of America. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure promotes national uniformity in insurance laws, streamlines the operations and improves the administrative efficiency of the Insurance Commissioner, and thereby reduces the cost of insurance regulation. Additionally, your Committee finds that this measure will assist the Insurance Commissioner in maintaining accreditation with the National Association of Insurance Commissioners by ensuring that Hawaii's laws are in line with best



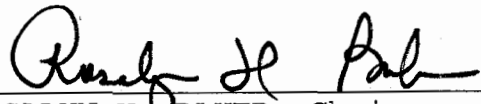
practices in the industry. Your Committee notes that the breadth of this measure and the changes that it makes to the insurance code are extensive. Therefore, your Committee urges its colleagues in both chambers to take advantage of the opportunities provided by the remainder of the legislative process to ensure that this measure is thoroughly reviewed to ensure that the final version of this measure accomplishes all that it intends to.

Your Committee has amended this measure by:

- (1) Replacing the amendment to section 431:3-304, Hawaii Revised Statutes, with a new section to be added to article III of chapter 431, Hawaii Revised Statutes, in order to clarify that the confidentiality provisions of the section apply only to property and casualty insurers and to harmonize the language used in this section with that used in other portions of the insurance code;
- (2) Changing its effective date to July 1, 2050 for the purpose of encouraging further discussion; and
- (3) Making nonsubstantive technical changes for the purposes of clarity and accuracy.

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 S.B. No. 2697, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2697, S.D. 1, and be placed on the calendar for Third Reading.

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.:* <i>SB 2697</i>	Committee Referral: <i>CPN</i>	Date: <i>2-18-10</i>		
<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>	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Signature]</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