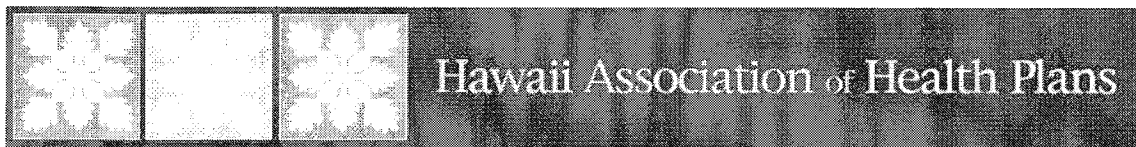


LATE



February 10, 2010

The Honorable Rosalyn Baker, Chair
The Honorable David Ige, Vice Chair
Senate Committee on Commerce and Consumer Protection

Re: SB 2697 – Relating to Insurance

Dear Chair Baker, Chair Ige and Members of the Committee:

My name is Howard Lee and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare	MDX Hawai‘i
Hawaii Medical Assurance Association	University Health Alliance
HMSA	UnitedHealthcare
Hawaii-Western Management Group, Inc.	

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

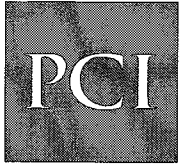
HAHP appreciates the opportunity to testify on SB 2697 which would expand the authority of the Insurance Commissioner regarding the scope of information he can request from a health plan. Although we take no position on most of this measure, we do have concerns with sections 2 and 24.

Although only minor changes are being requested to two sections of the Insurance Code, HRS sections 431:2-208 and 431:13-103, the impact on plans could be great. The amendments being proposed to these two sections would remove language which defines the type of information the IC may request from a health plan. Currently the IC may request information from a plan “regarding a claim or a consumer complaint” and the plan has 15 days in which to provide a response. We believe that the removal of the language specifically defining that the information request must be “regarding a claim or a consumer complaint” greatly and unnecessarily expands the IC’s ability to request information from health plans that is not relevant to the statutes and rules governing health insurance. We therefore would respectfully request that these sections be removed from the bill in their entirety.

Thank you for the opportunity to testify today.

Sincerely,

Howard Lee
President



**Property Casualty Insurers
Association of America**

Shaping the Future of American Insurance
1415 L Street, Suite 670, Sacramento, CA 95814-3972

LATE TESTIMONY

To: The Honorable Rosalyn Baker, Chair
Senate Committee on Commerce and Consumer Protection

From: Samuel Sorich, Vice President

Re: **SB 2697 – Relating to Insurance**
PCI Position: Concerns

Date: Wednesday, February 10, 2010
9:15 a.m.; Conference Room 229

Aloha Chairman Baker and Committee Members:

The Property Casualty Insurers Association of American (PCI) has some concerns regarding SB 2697 because it would make it an unfair insurance practice to fail to response to ANY inquiry by the commissioner within 15 days which carries a penalty of up to \$10,000 or license revocation or suspension. Current law is limited to inquiries regarding claims and consumer complaints. The law was limited to these instances because obtaining information is critical to the timely resolution of consumer complaints.

SB 2697 would expand this requirement and the severe penalty to any request of information from the commissioner. For example, the department might have a question on some elements of a company's rate filing. It is in the company's best interest to respond quickly but the question may be too complicated to answer in 15 days. Why should a company be required to respond in 15 days or else face extreme penalties? We believe this is not the department's intent in amending this section and would appreciate the opportunity to work with the department on resolving our concerns.

We do support another provision of the bill which relates to actuarial reports, working papers and actuarial opinions that insurers submit to the insurance commissioner. The National Association of Insurance Commissioners (NAIC) has developed model language that balances the commissioner's interest in exerting effective regulatory oversight with insurers' interest in maintaining the confidentiality of proprietary information. Section 3 of SB 2697 incorporates the NAIC model language. PCI believes the enactment of Section 3 will further the uniformity, efficiency and effectiveness of state insurance regulation.

PCI appreciates the committee's consideration of our request to work with the department to resolve our concerns over the provisions expanding penalties for responding to inquiries.