

STAND. COM. REP. NO.

902

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 1045
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1045 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to apply consistent regulatory treatment to health maintenance organizations, mutual benefit societies, fraternal benefit societies, managed care plans, and similar risk-bearing entities by adopting the National Association of Insurance Commissioners' Risk-Based Capital for Health Organizations Model Act. Among other things, this measure:

- (1) Adds the definitions of "benefit society", "health maintenance organization", and "domestic insurer" to the Hawaii Insurance Code;
- (2) Codifies parameters by which a benefit society or health maintenance organization's risk-based capital shall be determined;
- (3) Establishes under what circumstances a property and casualty insurer, a benefit society, or health maintenance organization is required to file a risk-based capital report;
- (4) With respect to a benefit society or health maintenance organization in the event of a mandatory control level

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event, provides the Insurance Commissioner with the power to take any actions necessary to cause an insurer to be placed under regulatory control with respect to a benefit society or health maintenance organization;

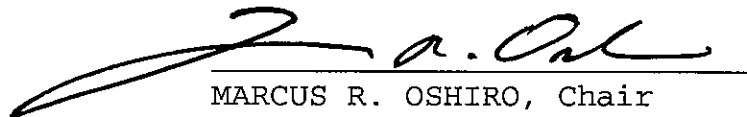
- (5) Establishes various confidentiality and disclosure requirements for the Insurance Commissioner for certain risk-based capital reports and risk-based capital plans; and
- (6) Allows the Insurance Commissioner to provide various exemptions from risk-based capital requirements to domestic benefit societies or health maintenance organizations that meet certain criteria.

The State Insurance Commissioner and Hawaii Medical Service Association testified in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1045, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1045, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



