

STAND. COM. REP. NO. 560

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1052
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 Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 1052 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this bill is to adopt amendments to the insurance code to comply with the federal Nonadmitted and Reinsurance Reform Act of 2010 relating to surplus lines insurance and to participate in a multi-state cooperative to collect surplus lines premium taxes and fees and distribute to the individual states their taxes and fees.

The Department of Commerce and Consumer Affairs testified in support of this bill. The National Association of Professional Surplus Lines Offices, Ltd., opposed this measure.

Your Committees have amended this bill by:

- (1) Adding the Mariana Islands to the State definition;
- (2) Adding the Mariana Islands to the United States definition;
- (3) Changing reporting requirements for insurance independently procured by requiring, among other things:

HB1052 HD1 HSCR CPC-JUD HMS 2011-2281



- (A) Each insured who in this State, before July 1, 2011, procures, continues, or renews surplus lines insurance on a risk located or to be performed in whole in this State, other than insurance procured through a surplus lines broker pursuant to part III of this article shall, within sixty days after the date the insurance was procured, continued, or renewed, file a written report with the commissioner;
 - (B) Each insured who in this State, after June 30, 2011, procures, continues, or renews surplus lines insurance for which this State is the home state of the insured, other than insurance procured through a surplus lines broker pursuant to part III of this article shall, within forty-five days after the end of the calendar quarter in which the insurance was procured, continued, or renewed, file a written report with the commissioner; and
 - (C) The report to show a policy number, effective date of policy, and home state;
- (4) Restoring language that if an independently procured policy covers risks or exposures only partially located or to be performed in this State, the tax payable to this State shall be computed on the portion of the premium properly attributable to the risks or exposures located or to be performed in this State;
 - (5) Restoring language that insurance on subjects located, resident, or to be performed wholly outside this State, or on vehicles or aircraft owned and principally garaged outside this state is exempted from surplus lines law;
 - (6) Changing reporting requirement due dates for the surplus lines broker's reports to the commissioner;
 - (7) Removing the authorization for the commissioner to establish a uniform statewide rate of taxation applicable to surplus lines insurance that shall be collected by other states; and
 - (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1052, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1052, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



GILBERT KEITH-AGARAN, Chair



ROBERT N. HERKES, Chair



