

Honolulu, Hawaii

FEB 14 2012

RE: S.B. No. 2168  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2168 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to direct the Insurance Commissioner to join the Surplus Lines Insurance Multi-State Compliance Compact and enact the Surplus Lines Insurance Multi-State Compliance Compact.

Your Committee received testimony in support of this measure from the National Conference of Insurance Legislators, Property Casualty Insurers Association of America, and Excess Line Association of New York. Your Committee received comments on this measure from the Insurance Division of the Department of Commerce and Consumer Affairs and the National Association of Professional Surplus Lines Offices, Ltd.

Your Committee finds that Congress, in the federal Nonadmitted and Reinsurance Reform Act of 2010, intended for the states to adopt uniform requirements, forms, and procedures to facilitate the reporting, payment, collection, and allocation of premium taxes for surplus lines insurance. Your Committee further finds that participation in a multi-state compact is essential for the Insurance Division to continue to collect premium taxes on multistate surplus lines policies. Your Committee notes that \$8,000,000 to \$10,000,000 is collected annually on surplus lines policies.



Your Committee additionally finds that the preferred multi-state arrangement is the Surplus Lines Insurance Multi-State Compliance Compact, or SLIMPACT. Your Committee also finds that SLIMPACT has the support of all three national state government associations: the National Conference of Insurance Legislators, the Council of State Governments, and the National Conference of State Legislatures. SLIMPACT has also been endorsed by the surplus and excess lines industry and major national property-casualty and producer organizations.

Your Committee notes that when this measure is enacted, Hawaii will be the tenth state to join SLIMPACT. Hawaii's membership will put SLIMPACT over its ten state threshold and will allow the compact to become fully operational.

Your Committee also notes that the Nonadmitted and Reinsurance Reform Act requirements took effect on July 21, 2011. It is imperative that states act quickly to address the requirements of the Act. Your Committee finds that if states are unable to adopt a comprehensive solution as intended by the Act, Congress could take further action. This could result in a loss of vital premium tax revenue, further federal preemption, and possible federal oversight in the business of insurance.

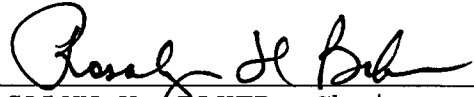
Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2168, S.D. 1, and be referred to the Committee on Ways and Means.



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

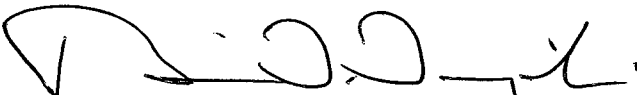


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2168	CPN, WAM	2-9-12		
<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)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam		✓		
<b>TOTAL</b>	6	1	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
<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