

Honolulu, Hawaii

APR 27 2012

RE: S.B. No. 2766
S.D. 2
H.D. 2
C.D. 1

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

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2766, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENTITIES REGULATED BY THE INSURANCE COMMISSIONER,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to update provisions in the Insurance Code relating to the regulation and administrative oversight of mutual benefit societies, fraternal benefit societies, and health maintenance organizations.

Your Committee on Conference finds that this measure clarifies the licensing and regulation process for mutual benefit societies, fraternal benefit societies, and health maintenance organizations by removing or revising certain provisions in the Insurance Code. This measure also establishes new fees to be paid by mutual benefit societies for the issuance, application, and renewal of a



certificate of authority and the issuance of a certificate of registration. Presently, mutual benefit societies in the State pay no fees. Establishing these fees will promote parity between mutual benefit societies and the laws governing traditional insurance companies.

Although this measure also proposes to increase other existing fees associated with health maintenance organizations and fraternal benefit societies, your Committee on Conference notes that this measure's primary intent is to update the laws governing mutual benefit societies, fraternal benefit societies, and health maintenance organizations. Therefore, amendments to this measure are necessary.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Specifying the following fees to be paid by mutual benefit societies and collected by the Insurance Commissioner:
 - (A) \$150 for issuance of a certificate of authority;
 - (B) \$150 for filing of an application and documents required for issuance of a certificate of registration;
 - (C) \$150 for issuance of a certificate of registration; and
 - (D) \$150 for renewal of a certificate of authority;
- (2) Specifying a penalty of fifty percent of the fee for the renewal of a certificate of authority if the fee is not paid by a mutual benefit society before or on the renewal date;
- (3) Reverting to the existing statutory fee of \$7.50 for the filing of fraternal benefit societies' annual financial statements, rather than amending the fee;
- (4) Reverting to the existing statutory fee of \$7.50 for the annual licensing or renewal fee for a fraternal benefit society, rather than amending the fee;



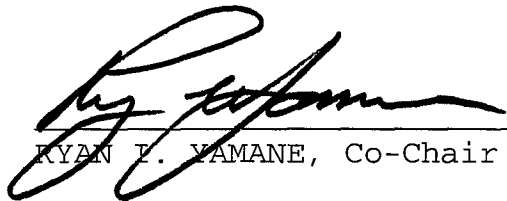
- (5) Reverting to the following existing statutory fees to be paid by health maintenance organizations, rather than amending the fees:
 - (A) \$600 for filing an application for a certificate of authority or an amendment to a certificate of authority; and
 - (B) \$400 per year for renewal of a certificate of authority;
- (6) Inserting an effective date of July 1, 2012; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2766, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2766, S.D. 2, H.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



 RYAN T. YAMANE, Co-Chair




 ROSALYN H. BAKER, Chair



 ROBERT N. HERKES, Co-Chair



 WILL ESPERO, Co-Chair



 DEE MORIKAWA, Co-Chair



