



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

**STATE OF HAWAII
INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

P. O. BOX 3614
HONOLULU, HAWAII 96811-3614
335 MERCHANT STREET, 2ND FLOOR
HONOLULU, HAWAII 96813
Phone Number: (808) 586-2790
Fax Number: (808) 586-2806
www.hawaii.gov/dcca/ins

KEALI'I S. LOPEZ
DIRECTOR

GORDON I. ITO
INSURANCE COMMISSIONER

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Tuesday, January 31, 2012
9:00 a. m.

**TESTIMONY ON HOUSE BILL NO. 2504 – RELATING TO ENTITIES REGULATED
BY THE INSURANCE COMMISSIONER.**

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). Thank you for hearing this bill. The Department strongly supports this Administration bill with requested amendments.

This bill addresses three independent issues relating to entities regulated by the Insurance Division, mutual benefit societies, health maintenance organizations, and service contract providers.

The purpose of this bill is to remove or revise certain provisions in Chapters 432 and 432D, HRS that relate to the licensing and regulation of mutual benefit societies and health maintenance organizations. The proposed deletions attempt to bring more clarity to the licensing and regulation process.

Sections 1 through 12 of the bill for mutual benefits societies and section 13 and 14 for health maintenance organizations proposes to update the financial regulation and fees to be consistent with the laws governing traditional insurance companies.

H.B. No. 2504
DCCA Testimony of Gordon Ito
Page 2

The third subject matter of this bill is service contracts. The Department respectfully requests the deletion of sections 15 and 16 of this bill.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.