

SB1177

Measure Title: RELATING TO CAPTIVE INSURANCE COMPANIES.

Report Title: Captive Insurance Companies

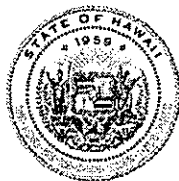
Description: Expands the types of related entities that may be affiliated with and insured by a pure captive insurance company; clarifies exceptions available to various classes of captive insurance companies; makes housekeeping amendments.

Companion:

Package: None

Current Referral: CPN

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TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Thursday, February 24, 2011
9 a.m.

TESTIMONY ON SENATE BILL NO. 1177 – RELATING TO CAPTIVE INSURANCE COMPANIES.

TO THE HONORABLE ROSALYN BAKER, 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"). The Department has concerns about sections 1 and 2 of the bill.

The purpose of this bill is to amend: (1) the definitions of "affiliated entity" and "parent" in Hawaii Revised Statutes ("HRS") § 431:19-101 (section 1); (2) applicable laws governing captive insurance companies in HRS § 431:19-115(a) (section 2); and (3) the reference in HRS § 431:19-308 to part I, rather than part II.

Since the impacts of these proposed amendments are unclear, the Department is unable to support this bill as currently drafted.

We thank this Committee for the opportunity to present testimony on this matter.

TESTIMONY ON S.B. NO. 1177
RELATING TO CAPTIVE INSURANCE COMPANIES

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Sen. Rosalyn H. Baker, Chair
Sen. Brian T. Taniguchi, Vice Chair

Thursday, February 24, 2011, 9:00 a.m.
State Capitol, Conference Room 229

My name is Gerald C. Yoshida, Chairman of the Legislative Committee of the Hawaii Captive Insurance Council (HCIC), a trade organization of captive insurance companies and service providers who comprise and support Hawai'i's captive insurance industry.

HCIC strongly supports S.B. No. 1177, which makes clarifying and housekeeping amendments to Hawai'i's captive insurance laws to enable Hawai'i to maintain its position as a leading captive insurance domicile in the United States and throughout the world.

Specifically, this bill:

1. Amends the definitions of "affiliate" and "parent" in HRS § 431:19-101 to provide greater flexibility with regard to determining what kinds of related entities may be affiliated with and insured by a pure captive insurance company;
2. Streamlines and simplifies exceptions to the laws applicable to various classes of captive insurance companies in HRS § 431:19-115; and
3. Makes housekeeping amendments to correct statutory references in HRS § 431:19-308.

HCIC understands, however, that the Hawai'i Insurance Division ("Division") has concerns over certain aspects of the bill, and as a result, HCIC has been in discussions with the Division in an attempt to address those concerns. Unfortunately, it does not appear that the parties in interest will be able to come to an agreeable resolution during the current legislative session. Since HCIC has in the past worked in a cooperative fashion with the Division, and would like to continue to do so, we respectfully request that S.B. 1177 be deferred.

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Senate Committee Commerce and Consumer Protection
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Thank you for this opportunity to submit testimony in support of S.B. No. 1177.

Respectfully submitted:

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