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Honolulu, Hawaii

February 28, 2013

RE: H.B. No. 841

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 841 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to protect consumers by updating the Insurance Code. Specifically, this measure:

- (1) Establishes a ten-day window to request an administrative hearing to contest a regulatory action taken by the Insurance Commissioner;
- (2) Updates standards and other financial analysis solvency tools used to determine if insurers transacting business in the state pose a hazard to the public, policy holders, or creditors;
- (3) Authorizes the Insurance Commissioner to correct corporate governance practice deficiencies, request business plans, and adjust insurer premiums as corrective measures for hazardous insurers; and
- (4) Updates the applicability of certain Insurance Code provisions to risk retention captive insurance companies.



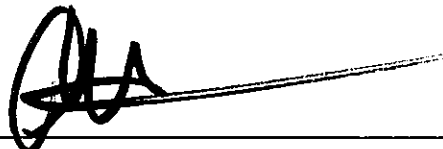
The Department of Commerce and Consumer Affairs, Hawaii Captive Insurance Council, Strategic Risk Solutions, and one individual supported this measure. The National Association of Mutual Insurance Companies and State Farm Mutual Automobile Insurance Company opposed this measure. The American Council of Life Insurers commented on this measure.

Your Committee has amended this measure by:

- (1) Extending the time allowed for an application for a hearing to contest a regulatory action from ten days to thirty days;
- (2) Adding provisions relating to the confidentiality of risk-based capital reports to those provisions that apply to risk retention captive insurance companies;
- (3) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 841, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 841, H.D. 1, and be placed on the calendar for Third Reading.

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



ANGUS L.K. MCKELVEY, Chair



