

STAND. COM. REP. NO.

1024

Honolulu, Hawaii

March 19, 2013

RE: S.B. No. 1072  
S.D. 2  
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 S.B. No. 1072, S.D. 2, 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) 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;
- (2) Authorizes the Insurance Commissioner to correct corporate governance practice deficiencies, request business plans, and adjust insurer premiums as corrective measures for hazardous insurers; and
- (3) 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, and an individual testified in support of this measure.

SB1072 HD1 HSCR CPC HMS 2013-2737



Your Committee has amended this measure by:

- (1) Establishing a thirty-day window for an insurer to request an administrative hearing to contest a regulatory action taken by the Insurance Commissioner;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) 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 S.B. No. 1072, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1072, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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



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ANGUS L.K. McKELVEY, Chair



