

STAND. COM. REP. NO. 326

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 1072
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1072 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to update the Insurance Code by streamlining and improving the operations of the Insurance Division of the Department of Commerce and Consumer Affairs and ensuring that the Insurance Division retains its accreditation with the National Association of Insurance Commissioners.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawaii Captive Insurance Council; Artex Risk Solution, Inc.; and Strategic Risk Solutions, Inc. Your Committee received testimony in opposition to this measure from State Farm Mutual Automobile Insurance Company and National Association of Mutual Insurance Companies. Your Committee received comments on this measure from the American Council of Life Insurers.

Your Committee finds that this measure updates the Insurance Code and includes amendments to certain provisions of the Insurance Code that relate to risk retention captive insurance companies domiciled in Hawaii under the State's captive insurance law. This will permit the State to maintain its accredited status with the National Association of Insurance Commissioners.



Your Committee has heard the concerns that the ten-day deadline to request an administrative hearing, as proposed by this measure, may be an impractical time frame within which insurers can review all the implications of a regulatory decision. Your Committee notes that the Insurance Division currently provides parties with reasonable time to request a hearing in accordance with the Hawaii Administrative Procedures Act, chapter 91, Hawaii Revised Statutes. Your Committee concludes that because insurers may have difficulties finalizing an application for a hearing on a complicated regulatory issue within a ten-day period, the flexibility of a reasonable time to request a hearing would be more appropriate.

Your Committee also finds that an amendment to this measure is necessary to include the applicability of section 431:3-408, Hawaii Revised Statutes, to risk retention captive insurance companies. This section of the Hawaii Revised Statutes is an important component of the National Association of Insurance Commissioner's model act relating to risk-based capital and relates to the confidentiality of risk-based capital reports and related documents.


Accordingly, your Committee has amended this measure by:

- (1) Removing language that would have established a ten-day deadline to request an administrative hearing under section 431:2-308(d), Hawaii Revised Statutes;
- (2) Clarifying that the Insurance Code provisions made applicable to risk retention captive insurance companies by this measure also include section 431:3-408, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1072, S.D. 1, and be referred to the Committee on Ways and Means.



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

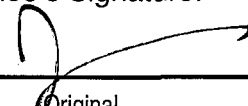


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1072	CPN, WAM	2/12/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes