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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Wednesday, January 29, 2014
2:10 p.m.

TESTIMONY ON HOUSE BILL NO. 2107 – RELATING TO INSURANCE.

TO THE HONORABLE ANGUS McKELVEY, 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 supports the intent of the bill, and submits the following comments:

This bill requires the auditor to conduct a study to determine the feasibility of establishing a State of Hawaii captive insurance company to insure all or a portion of the State’s property and casualty risk.

The Director recognizes and appreciates that the bill includes the captive feasibility criteria developed and used by the Insurance Division to help Hawaii and other companies decide whether to maintain their current methods of risk financing or to establish their own captive insurer. We recommend that the auditor select as its expert an entity that possesses considerable knowledge and experience in forming and developing captive programs. The study should result in an objective comparison between options presented in a coherent format that includes respective benefits and shortcomings, and the expert’s findings, conclusions, and recommendation.

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



STATE OF HAWAI'I
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TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
CONSUMER PROTECTION AND COMMERCE
ON
January 29, 2014

RELATING TO INSURANCE

Chair McKelvey and members of the Committee, thank you for the opportunity to testify on H.B. 2107.

The Department of Accounting and General Services supports H.B. 2107.

H.B. 2107 is a logical and rational approach to determine if a captive insurance company is a viable and financially beneficial option to address the property and casualty insurance risks for the State of Hawaii. The study will include the purpose, objectives, and financial commitments in the formation of a captive insurance company, therefore, the process to analyze these different aspects of a captive insurance company prior to making a decision to proceed is a prudent business decision.

Thank you for the opportunity to testify on this matter.