

Honolulu, Hawaii
February 15, 2013RE: H.B. No. 1459
H.D. 1

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

Sir:

Your Committees on Labor & Public Employment and Consumer Protection & Commerce, to which was referred H.B. No. 1459 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this measure is to authorize the State to form the Hawaii Employer-Union Health Benefits Trust Fund Captive Insurance Company to more effectively manage the administration and financing of the current and potential future employee health benefit obligations of the State and county governments.

The Representative from the State House District 30 testified in support of this measure with amendments. The Department of Commerce and Consumer Affairs, Department of Human Resources Development, State Procurement Office, and Department of Budget and Finance provided comments on this measure.

Your Committees have amended this measure by:

- (1) Amending the purpose clause to:
 - (A) Update the current unfunded liabilities for public employee health benefits to between \$15 and \$17 billion; and




- (B) Clarify that going forward, the commitment to fund the premiums will be from the Board of Directors of the captive insurance company, who shall comprise representatives of public employers and employees;
- (2) Requiring that the board of the captive insurance company shall require employer contributions if the reserve fund falls below \$1,500,000,000;
- (3) Adding language that creates the Hawaii employer-union health benefits trust fund captive insurance company minimum capital and surplus account;
- (4) Clarifying the language concerning the transfer of employees in order to protect the rights and benefits of the employees and officers being transferred to the Hawaii employer-union health benefits trust fund captive insurance company; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committees respectfully request that the Committee on Finance examine the concerns raised by the Department of Commerce and Consumer Affairs, should it decide to consider this measure.

As affirmed by the records of votes of the members of your Committees on Labor & Public Employment and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1459, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1459, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Labor & Public
Employment and Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



MARK M. NAKASHIMA, Chair



