

STAND. COM. REP. NO. 1052

Honolulu, Hawaii

MAR 25 2013

RE: H.B. No. 999
H.D. 2
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 H.B. No. 999, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify when a Hawaii risk retention captive insurance company would qualify for credit for reinsurance on risks ceded to a reinsurer.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Willis Management (Hawaii), Hawaii Captive Insurance Council, and Artex Risk Solution, Inc.

Your Committee finds that under existing state law, a risk retention captive insurance company may take credit for reserves on risks ceded to a reinsurer; provided that the reinsurer complies with the credit for reinsurance requirements under article 4A, chapter 431, Hawaii Revised Statutes.

Your Committee further finds that this measure sets forth parameters under which risk retention groups licensed as captive insurers may take credit for reinsurance ceded to reinsurers consistent with the National Association of Insurance Commissioners' Reinsurance Guidelines for Risk Retention Groups Licensed as Captive Insurers. Adoption of these guidelines will



ensure that Hawaii remains competitive as a domicile for risk retention groups licensed as captive insurance companies.

Your Committee has amended this measure by making a technical, nonsubstantive amendment 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 H.B. No. 999, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



