

STAND. COM. REP. NO. 725

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 1072
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1072, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to improve operations of the Insurance Division of the Department of Commerce and Consumer Affairs to ensure its retention of accreditation from the National Association of Insurance Commissioners (NAIC).

More specifically, this measure amends chapter 431, Hawaii Revised Statutes, regarding the Insurance Code by:

- (1) Increasing the multiplier used for determining whether the filing of a risk-based capital report by a life or accident and health or sickness insurer constitutes a "company action level event";
- (2) Increasing the maximum allowable credit hours for producer continuing education courses;
- (3) Adopting the provisions of the NAIC Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition;
- (4) Clarifying that the nonrefundable application fee for a captive insurance company redomesticating from another



jurisdiction to Hawaii must be paid at the time of application; and

- (5) Clarifying the sections that are applicable to risk retention captive insurance companies.

Your Committee received written comments in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Captive Insurance Council.

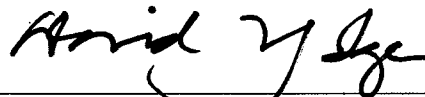
Your Committee finds that this measure updates the Insurance Code to conform with the changes and amendments made by the NAIC in November 2011, in order to ensure that the Insurance Division retains its accreditation with the NAIC.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1072, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1072, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1072, SD 1	Committee Referral: CPN, WAM	Date: 2-22-13		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.				✓
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes