

STAND. COM. REP. NO. 2692

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2821
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2821, 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 update various provisions in the Insurance Code that are recommended by the National Association of Insurance Commissioners (NAIC) to ensure the Department of Commerce and Consumer Affairs Insurance Division maintains its NAIC accreditation.

Specifically, the measure adopts revisions to the NAIC's model laws on Credit for Reinsurance Model Act, Standard Valuation Law, Standard Nonforfeiture Law for Life Insurance, and Insurance Holding Company System Regulatory Act.

Your Committee received written comments in support of this measure from the State Insurance Commissioner of the Department of Commerce and Consumer Affairs and USAA.

Your Committee finds that the revisions in this measure are part of the NAIC's Solvency Modernization Initiative, which focuses on key issues, including capital requirements, governance and risk management, group supervision, statutory accounting and financial reporting, and reinsurance. Your Committee further finds that ensuring that the Insurance Division of the Department of Commerce and Consumer Affairs retains its accreditation with



the NAIC will allow it to continue to protect consumers in this State.

Your Committee has amended this measure by:

- (1) Clarifying the formatting of section 431:5-307, Hawaii Revised Statutes, the standard valuation law, regarding the variables used in determining the calendar year statutory valuation interest rates for various types of insurance;
- (2) Changing the effective dates from July 1, 2014, and January 1, 2015 to July 1, 2050, and January 1, 2051, respectively, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive changes for purposes of 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. 2821, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2821, 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.:* <i>SB2821 SD1</i>	Committee Referral: <i>CPN, WAM</i>	Date: <i>2-20-14</i>		
<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	✓			
	<i>10</i>	<i>0</i>	<i>0</i>	<i>3</i>
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