

Honolulu, Hawaii

MARCH 24, 2016

RE: S.B. No. 2853
S.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2853, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to adopt the National Association of Insurance Commissioners' Risk Management and Own Risk Solvency Assessment Model Act and Model Risk Retention Act.

Specifically, the bill:

- (1) Adds a new article to chapter 431, Hawaii Revised Statutes (HRS), to require certain insurers and insurance groups to maintain a risk management framework, to regularly perform an own risk and solvency assessment (ORSA), and to annually file an ORSA summary report;
- (2) Amends section 431:19-115(b), HRS, to cite sections 431:3-409, 431:3-411, and 431:3-412, HRS, as being applicable to risk retention captive insurance companies, required for accreditation by the National Association of Insurance Commissioners (NAIC); and
- (3) Amends section 431K-1, HRS, to include the definitions "board of directors" and "director," and amends section 431K-2, HRS, to include new corporate governance




language from the NAIC Model Risk Retention Act for accreditation purposes.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the American Council of Life Insurers, and the Property Casualty Insurers Association of America. UHA Health Insurance and Hawaii Medical Service Association supported the intent of this measure.

Your Committee finds that passage of this administration measure is necessary for the State to maintain its accreditation with the National Association of Insurance Commissioners.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2853, S.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Finance.

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



ANGUS L.K. MCKELVEY, Chair



