

STAND. COM. REP. NO.

2586

Honolulu, Hawaii

MAR 03 2016

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

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2853, 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 adopt the National Association of Insurance Commissioners' model language related to insurer solvency, risk management, and risk retention in order to maintain the State's accreditation.

More specifically, this measure:

- (1) Adopts the National Association of Insurance Commissioners' Risk Management and Own Risk and Solvency Assessment Model Act;
- (2) Applies supplemental provisions, rules, and exceptions for risk-based capital, and related provisions regarding severability and notices of regulatory action, to risk retention captive insurance companies; and
- (3) Adopts the National Association of Insurance Commissioners' Model Risk Retention Act.

Your Committee received written comments in support of this measure from the Department of Commerce and Consumer Affairs' Insurance Division, Office of Information Practices, American

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Council of Life Insurers, and the National Association of Mutual Insurance Companies.

Your Committee finds that the National Association of Insurance Commissioners requires that all states adopt its Risk Management and Own Risk and Solvency Assessment Model Act by January 1, 2018, to maintain accreditation. The National Association of Insurance Commissioners also requires Hawaii to amend Hawaii insurance law related to risk retention captive insurance companies and to adopt the Association's Model Risk Retention Act to maintain accreditation. Your Committee therefore finds that this measure is necessary to enable the Department of Commerce and Consumer Affairs to maintain its accreditation with the National Association of Insurance Commissioners.

Your Committee has amended this measure by:

- (1) In the new section 431: -108(c)(1)(B) and (c)(2) added by this measure, specifying that the term "supervisory college" is "referred to" rather than "defined" in section 431:11-107.5, Hawaii Revised Statutes; and
- (2) Clarifying the definition of "material service provider" in the new subsection (d) of section 431K-2, Hawaii Revised Statutes, by conforming separate references to the same fees threshold specified for defense counsel and other qualifying material service providers.

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. 2853, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2853, S.D. 2.

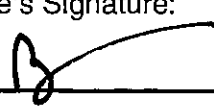
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2853, SD1</b>	Committee Referral: <b>CPH, WAM</b>	Date: <b>2/19/16</b>		
<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
TOKUDA, Jill N. (C)	✓			
DELA CRUZ, Donovan M. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.				✓
RIVIERE, Gil				✓
TANIGUCHI, Brian T.				✓
WAKAI, Glenn				✓
SLOM, Sam	✓			
<b>TOTAL</b>	<b>6</b>			<b>5</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes