STAND. COM. REP. NO. 302-16

Honolulu, Hawaii March 24, 2016 RE: S.B. No. 2854 S.D. 2 H.D. 1

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. 2854, 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 make various amendments throughout the Insurance Code to improve clarity and efficiency. Specifically, the measure amends various provisions in the Insurance Code relating to:

- (1) Property insurance;
- (2) Market conduct;
- (3) Insurance premium taxes;
- (4) Insurance contracts;
- (5) Accident and health insurance;
- (6) Unfair methods of competition;
- (7) Captive insurance companies;
- (8) Mental health and alcohol and drug abuse treatment insurance benefits;

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- (9) Hawaii hurricane relief fund;
- (10) Prescription drug benefits;
- (11) Mutual benefit societies; and
- (12) Health maintenance organizations.

The Department of Commerce and Consumer Affairs testified in support of this measure. The Hawaii Medical Service Association, Tax Foundation of Hawaii, and Property Casualty Insurers Association of America provided comments on this measure.

Your Committee has amended this measure by:

- Specifying that only insurers with a tax liability in excess of \$100,000 must file reports of business transacted and gross premiums collected electronically;
- (2) Clarifying that the due date and payment of tax via automated clearing house requirements imposed by section 431:7-202, Hawaii Revised Statutes (HRS), as amended, are independent of the annual and monthly tax statement filing requirements of section 431:7-201, HRS;
- Removing a provision amending the definition of "contraceptive services" for the purposes of determining mutual benefit society coverage and benefits for contraceptive services;
- (4) Further clarifying notice requirements where accident and health or sickness insurance benefit reimbursement claims are contested, denied, or require more time for review; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 2854, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2854, S.D. 2, H.D. 1, and be referred to your Committee on Finance.



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

ANOUS L.K. MCKELVEY, Chair

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Record of Votes of the Committee on Consumer Protection & Commerce

_	ttee Referral:	Date:	3-2	3-16
SB 2454 SD2	CPC, FIL]	<u> </u>	010
□ The committee is reconsidering its previous decis	ion on the measure.			
The recommendation is to: Pass, unamender Pass short form	ed (as is) Pass bill with HD to recon	s, with amendments (nmit for future public	•	
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	-			
2. WOODSON, Justin H. (VC)	/			
3. BELATTI, Della Au	/			
4. BROWER, Tom	/			
5. CREAGAN, Richard P.	/		·	
6. HAR, Sharon E.	<u> </u>			
7. HASHEM, Mark J.	/			
8. KAWAKAMI, Derek S.K.	•			/
9. LEE, Chris	_ /			
10. NAKASHIMA, Mark M.	/			
11. OSHIRO, Marcus R.				
12. SAN BUENAVENTURA, Joy A.	/			
13. TAKAYAMA, Gregg				
14. YAMANE, Ryan I.			—	
15. FUKUMOTO CHANG, Beth				
16. McDERMOTT, Bob				
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TOTAL (16)	$ \langle 4 \rangle$		\cap	12
The recommendation is: Adopted If joint referral,	Not Adopte committee acronym(s	did not suppor	t recommendation	n.
Vice Chair's or designee's signature:			·····	
Distribution: Original (White) – Committee	Duplicate (Yellow) -	Chief Clerk's Office	Duplicate (1	Pink) – HMSO