

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;



- (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.

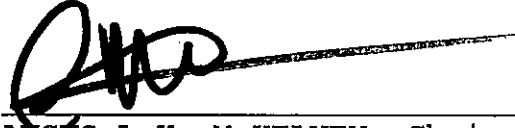
Your Committee has amended this measure by:

- (1) 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;
- (3) 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.



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



---

ANGUS L.K. MCKELVEY, Chair



