

STAND. COM. REP. NO.

2259

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2854  
S.D. 1

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

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2854 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to make numerous updates throughout the State's insurance code, including amendments relating to catastrophe reserves, coverage requirements, electronic filing and payment of premium taxes, disclosure requirements, notice for claim filers, sponsored captive insurance companies, required mental health benefits coverage, duty to respond during an examination of the Insurance Commissioner, and other housekeeping and conforming amendments.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and one individual. Your Committee received testimony in opposition to this measure from the American Insurance Association, Property Casualty Insurers Association of America, National Association of Mutual Insurance Companies, and State Farm Insurance. Your Committee received comments on this measure from the Hawaii Insurers Council and Hawaii Medical Service Association.

Your Committee finds that this measure establishes the Hawaii Mandatory Catastrophe Reserve Act, which requires authorized insurers to establish reserve funds to pay for losses arising out of catastrophes occurring in Hawaii. However, your Committee has heard the concerns that establishing the Hawaii Mandatory

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Catastrophe Reserve Act could have adverse unintended consequences on the marketplace, possibly resulting in higher insurance premiums for property and hurricane insurance. According to testimony received by your Committee, no other state has adopted a similar proposal for a mandatory catastrophe reserve. Your Committee understands these concerns and believes the establishment of a mandatory catastrophe reserve may be more appropriate at another time.

Your Committee further finds that, among other things, this measure also requires insurers to file their annual statement and premium tax statements and pay their premium taxes electronically, which will streamline the collection of data and taxes. Your Committee believes a delayed implementation date for these requirements is appropriate, to allow insurers reasonable time to update their systems for compliance with these new filing and payment requirements.

Your Committee additionally finds that this measure amends several health care provider provisions within the insurance code, to make the law more consistent and expand the types of health care providers covered by insurance. However, your Committee has heard the concerns that the requirement to recognize licensed dietitians as providers of mental health services may be overly broad. Amendments to this measure that clarify the scope of covered licensed dietitians who provide mental health services and treatment plans are therefore necessary.

Your Committee has amended this measure by:

- (1) Deleting language that would have established the Hawaii Mandatory Catastrophe Reserve Act and deleting an associated reference to the proposed mandatory catastrophe reserve;
- (2) Updating references in sections 431:10A-116.6 and 431:10A-116.7, Hawaii Revised Statutes, from "nurse practitioner-delivered" and "certified midwife-delivered" to "advanced practice registered nurse-delivered" to reflect proper updated terminology;
- (3) Clarifying that notification must be provided to a health care provider, insured, or member filing a claim from a non-contracted provider, if an insurer requires more time to review a claim;



- (4) Inserting a definition of "licensed dietitian" and clarifying that mental health services and treatment plans provided and approved by a licensed dietitian are limited to licensed dietitians treating eating disorders;
- (5) Inserting an effective date of January 1, 2017, for the sections of this measure that require insurers to file and pay their premium taxes electronically; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2854, S.D. 1, and be referred to your Committee on Ways and Means.

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



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ROSALYN H. BAKER, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2854	CPH, WAM	2-11-14		
<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
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.				/
SLOM, Sam		/		
<b>TOTAL</b>	5	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> <span style="margin-left: 20px;">Original</span> <span style="margin-left: 20px;">Yellow</span> <span style="margin-left: 20px;">Pink</span> <span style="margin-left: 20px;">Goldenrod</span>				
<span style="margin-left: 20px;">File with Committee Report</span> <span style="margin-left: 20px;">Clerk's Office</span> <span style="margin-left: 20px;">Drafting Agency</span> <span style="margin-left: 20px;">Committee File Copy</span>				

\*Only one measure per Record of Votes