Honolulu, Hawaii

APR 28 2017

RE: S.B. No. 885
         S.D. 2
         H.D. 2
         C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sirs:

    Your Committee on Conference on the disagreeing vote of the
Senate to the amendments proposed by the House of Representatives in
S.B. No. 885, S.D. 2, H.D. 2, entitled:

    "A BILL FOR AN ACT RELATING TO THE STATE RISK MANAGEMENT AND
    INSURANCE ADMINISTRATION,"

having met, and after full and free discussion, has agreed to
recommend and does recommend to the respective Houses the final
passage of this bill in an amended form.

    The purpose and intent of this measure is to permit the
Comptroller to acquire risk management, investigative, claims
adjustment, actuarial, and other services on a fixed fee basis by
exempting a broker submitting a proposal in response to such a fixed
fee solicitation and the broker's performance of the activities in
accordance with the proposal from certain provisions of the
Insurance Code.

    Your Committee on Conference finds that providing the
Comptroller with the option to hire an insurance broker on a fixed
fee for service basis rather than the current commission basis by

enabling the broker to accept a flat fee from the State will result in better value to the public through lower costs of acquiring and insuring State property and liability risks. Your Committee on Conference further finds that it is in the best interest of the public to give the Comptroller flexibility in choosing a compensation model that is most cost-effective under the prevailing economic environment at the time when procuring insurance for the State. Your Committee on Conference notes that the current arrangement of the state insurance broker being compensated on a commission basis by the insurance companies from which the State purchases insurance could present a conflict of interest or at minimum the appearance of a conflict of interest.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2017.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 885, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 885, S.D. 2, H.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

_____
ROY M. TAKUMI
Co-Chair

_____
DONNA MERCADO KIM
Chair

_____
TY J. K. CULLEN
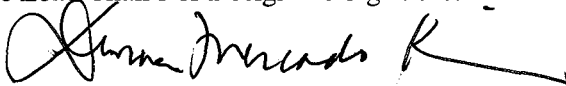Co-Chair

_____
ROSALYN H. BAKER
Co-Chair

_____
BRIAN T. TANIGUCHI
Co-Chair

Hawaii State Legislature

Record of Votes of a
Conference Committee

CCR 102

Bill / Concurrent Resolution No.:	Date/Time:
SB 885, SD 2, HD 2	4-25-17 2:17 pm

☑ The recommendation of the House and Senate managers is to pass with amendments (CD).

☐ The Committee is reconsidering its previous decision.

☐ The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KIM, Donna Mercado, Chr.	✓				TAKUMI, Roy M., Co-Chr.	/			
BAKER, Rosalyn H., Co-Chr.	✓				CULLEN, Ty J.K., Co-Chr.	/			
TANIGUCHI, Brian T., Co-Chr.	✓				WARD, Gene	/			
TOTAL	3	0	0	0	TOTAL	3	0	0	0

A = Aye   WR = Aye with Reservations   N = Nay   E = Excused

Senate Recommendation is:	House Recommendation is:
☑ Adopted ☐ Not Adopted	☑ Adopted ☐ Not Adopted
Senate Lead Chair's or Designee's Signature:	House Lead Chair's or Designee's Signature:
(signature)	*(signature)*