

STAND. COM. REP. NO.

679

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 885
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 885, S.D. 1, entitled:

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

begs leave to report as follows:

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 fee for services compensation method by exempting licensed individuals and entities from applicable regulations found within the insurance code.

Your Committee received written comments in support of this measure from the Department of Accounting and General Services.

Your Committee received written comments on this measure from the Insurance Division of the Department of Commerce and Consumer Affairs and the Department of the Attorney General.

Your Committee finds that the only method by which the Comptroller is authorized to acquire insurance brokerage services is by a commission that is negotiated between the insurance company and the State's insurance broker. In certain cases where commissions have increased due to increased premiums, a fixed fee rather than a commission-based fee would have been cost effective for the State. On the other hand, in cases where premiums are



rapidly declining, the commission model may be a better option for the State. Accordingly, your Committee believes that granting the Comptroller the flexibility to determine the method by which it acquires insurance brokerage services will provide the State with cost savings.

Your Committee has amended this measure by making a technical nonsubstantive amendment for the purposes of style and clarity and to comport with recommended drafting conventions.

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. 885, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 885, S.D. 2.

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

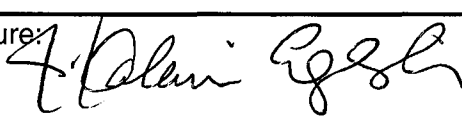


JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 885, SD1	GVO/CPH, WAM	23 Feb 2017
<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)		/
ENGLISH, J. Kalani	/	
GALUTERIA, Brickwood	/	
HARIMOTO, Breene	/	
INOUYE, Lorraine R.		/
KAHELE, Kaiali'i		/
RIVIERE, Gil	/	
SHIMABUKURO, Maile S.L.		/
TANIGUCHI, Brian T.	/	
WAKAI, Glenn	/	
TOTAL	7	4
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

*Only one measure per Record of Votes