

STAND. COM. REP. NO.

392

Honolulu, Hawaii

FEB 16 2017

RE: S.B. No. 953  
S.D. 1

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

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Judiciary and Labor, to which was referred S.B. No. 953 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to make various updates to the State's insurance code relating to: insurance fraud penalties; certificates of authority; motor vehicle insurance self-insurers; nonresident adjusters; insurance producer licensing; third-party claimants; and supervisory proceedings undertaken by the Insurance Commissioner.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs and National Association of Insurance and Financial Advisors. Your Committees received comments on this measure from the Hawaii Insurers Council, Hawaii Medical Service Association, and Property Casualty Insurers Association of America.

Your Committees find that the Insurance Commissioner must currently wait until a catastrophe has occurred, before issuing a declaration that permits the use of nonresident adjusters in the State. Among other things, this measure proactively allows the Commissioner to trigger the arrival and assistance of nonresident adjusters in the State ahead of a declaration of emergency by the Governor.



Your Committees further find that this measure also conforms the State's producer licensing requirements to the National Association of Insurance Commissioners' Producer Licensing Model Law by eliminating producer-to-producer appointments. In 2001, the Insurance Division deviated from the model law to conform with the then-current system, and as a result, Hawaii is now the only state that has a producer-to-producer appointment law. This measure ensures Hawaii's insurance code is uniform with other states' statutes. Your Committees note that a delayed effective date for the producer licensing requirements proposed by this measure has been requested to provide adequate time for individual producers to discuss the new agreements with each insurer they represent.

Finally, your Committees have heard the testimony that this measure may conflate first-party and third-party concepts for motor vehicle damage liability claims, which could lead to confusion. Your Committees requested that interested stakeholders work on consensus language to address the third-party claimant issue. Amendments to this measure are necessary to incorporate this consensus language, although your Committees note that revisions to the consensus language may be needed as this measure moves through the legislative process.

Your Committees have amended this measure by:

- (1) Clarifying the process for payment of general excise tax and certificate of ownership fees when a motor vehicle insurer settles a total loss motor vehicle damage liability claim with a third-party claimant;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; provided that the provisions relating to producer licensing shall take effect January 1, 2019; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 953, as amended herein, and recommend that it pass Second

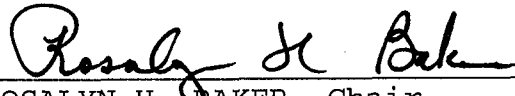


Reading in the form attached hereto as S.B. No. 953, S.D. 1, and  
be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce,  
Consumer Protection, and Health  
and Judiciary and Labor,



GILBERT S.C. KEITH-AGARAN, Chair



ROSALYN H. BAKER, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB953	CPH/JDL, WAM	2/3/17		
<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)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
KIDANI, Michelle N.				/
RUDERMAN, Russell E.				/
<b>TOTAL</b>	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Clarence K. Nishihara</i>				
<b>Distribution:</b>				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes

The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>SB 953</b>	Committee Referral: <b>CPH/JDL, WAM</b>	Date: <b>2/3/17</b>		
<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
KEITH-AGARAN, Gilbert S.C. (C)	✓			
RHOADS, Karl (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado				✓
THIELEN, Laura H.	✓			
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Karl Rhoads</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

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