

Honolulu, Hawaii  
**FEBRUARY 15**, 2018

RE: H.B. No. 2347  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2347 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update the Hawaii Insurance Code by:

- (1) Adopting new corporate governance and annual disclosure requirements from the National Association of Insurance Commissioners' Corporate Governance Annual Disclosure Model Act;
- (2) Requiring any insurance entity seeking to add or change a trade name or an assumed name to submit a written request to the Insurance Commissioner;
- (3) Requiring that coverage for certain mandatory services include reimbursement to providers who deliver those services;
- (4) Applying existing supervision, rehabilitation, and liquidation requirements to all captive insurance companies; and



- (5) Making various housekeeping amendments.

This measure further clarifies the requirements for reporting and recordkeeping for vehicle protection product warrantors and service contract providers.

The Insurance Division of the Department of Commerce and Consumer Affairs, Board of Nursing, and American Council of Life Insurers testified in support of this measure. Office of Information Practices, Hawaii Medical Service Association, and Hawai'i Captive Insurance Council provided comments.

Your Committee has amended this measure by:

- (1) Amending the confidentiality provision applicable to corporate governance annual disclosures to clarify it is intended to protect records and information relating to specific regulated businesses, whether the information and records are received from those businesses, included in communications with the Insurance Division, or are part of the Insurance Division's internal discussions and deliberations;
- (2) Deleting the provision requiring a disclaimer for any limited benefit accident and health or sickness insurance policy to conform with recent amendments to federal law;
- (3) Clarifying that reimbursement for mandatory services may be given directly to the insured member, if appropriate;
- (4) Changing its effective date to July 1, 2050, to promote further discussion;
- (5) Correcting a drafting error by applying the December 31, 2020 repeal date to sections 23 and 24, relating to network adequacy, rather than sections 26 and 27, which make housekeeping amendments; and
- (6) 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 H.B. No. 2347, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2347, 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,

*R. Takumi*

---

ROY M. TAKUMI, Chair



