

STAND. COM. REP. NO.

1723

Honolulu, Hawaii

MARCH 24, 2017

RE: S.B. No. 1077
S.D. 1
H.D. 1

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1077, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that Hawaii's mutual benefit societies maintain a minimum net worth reflective of actual risk by stipulating that the calculation of a mutual benefit society's net worth be made using gross annual net premium revenues and gross annual health care expenditures.

The Department of Commerce and Consumer Affairs testified in support of this measure. The Hawaii Medical Assurance Association testified in opposition to this measure.

Your Committee has amended this measure by requiring that in determining net worth requirements, the gross annual premium revenues and gross annual health care expenditures must be reduced by the total amount ceded to reinsurers, provided that the reinsurance credit taken complies with credit for reinsurance requirements.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to

SB1077 HD1 HSCR CPC HMS 2017-3267



this report, your Committee is in accord with the intent and purpose of S.B. No. 1077, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1077, S.D. 1, 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,



ROY M. TAKUMI, Chair



