

Honolulu, Hawaii

MAR 23 , 2018

RE: S.B. No. 2773
S.D. 2
H.D. 2

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 S.B. No. 2773, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THIRD PARTY ADMINISTRATORS,"

begs leave to report as follows:

The purpose of this measure is to establish a regulatory structure for third party administrators, which:

- (1) Encourages disclosure of contracts between insurers and third party administrators to potential insureds and the Insurance Commissioner;
- (2) Promotes the financial responsibility of third party administrators;
- (3) Regulates third party administrators' practices; and
- (4) Governs the qualifications and procedures for the licensing of third party administrators.

The Insurance Division of the Department of Commerce and Consumer Affairs, Weinstein Pharmacy, and Hawaii-Western Management Group testified in support of this measure. The American Council of Life Insurers provided comments.



Your Committee has amended this measure by:

- (1) Including in the regulatory structure persons who collect charges or premiums from, or who adjusts or settle claims on, state residents in connection with self-insurance, stop loss, and workers' compensation coverage; and
- (2) 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 S.B. No. 2773, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 2773, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,

RTakumi

ROY M. TAKUMI, Chair



