

STAND. COM. REP. NO.

1401

Honolulu, Hawaii

, 2019

MAR 19

RE: S.B. No. 1210

S.D. 1

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 1210, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure, as received by your Committee,
is to:

- (1) Enable the State to meet National Association of
Insurance Commissioners ("NAIC") accreditation standards
by adopting:
 - (A) The Corporate Governance Annual Disclosure Model
Act; and
 - (B) The revisions to the NAIC Insurance Holding Company
System Regulatory Act ("Accreditation Sections");
and
- (2) Make numerous housekeeping and other changes to the
Insurance Code (chapter 431, Hawaii Revised Statutes) to
improve the regulation of insurance in the State of
Hawaii ("Nonaccreditation Sections").

SB1210 HD1 HSCR CPC HMS 2019-3008



The Insurance Division of the Department of Commerce and Consumer Affairs, University of Hawai'i System, Hawaii Captive Insurance Council, and several individuals submitted testimony in support of this measure.

The American Council of Life Insurers, Kaiser Permanente, and Hawaii Medical Service Association submitted comments with regard to the Nonaccreditation Sections.

Your Committee finds that the State must adopt the Accreditation Sections to ensure Hawaii meets NAIC accreditation standards by January 1, 2020. Passage of this bill is just the first step toward accreditation because the Insurance Commissioner must also adopt relevant rules to meet accreditation standards.

To ensure the State meets NAIC accreditation standards in a timely manner, your Committee has amended this bill to keep only the Accreditation Sections and remove the Nonaccreditation Sections. As amended, this measure is similar to H.B. 984, H.D. 1, which was heard earlier this session by your Committee.

This measure was amended to:

- (1) Clearly limit corporate governance confidentiality provisions to records containing information originating in an annual disclosure and clarify that confidential information will not be subject to disclosure pursuant to chapter 92F, Hawaii Revised Statutes;
- (2) Require the Insurance Commissioner to adopt rules effectuating the Accreditation Sections by January 1, 2020;
- (3) Change the effective date to July 1, 2050, to facilitate further discussion; and
- (4) Make technical, nonsubstantive amendments for purposes of style and clarity.

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. 1210, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 1210, 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



