

STAND. COM. REP. NO.

1406

Honolulu, Hawaii

MAR 19 , 2019

RE: S.B. No. 1212
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. 1212, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO REGULATORY AUTHORITY OF THE INSURANCE COMMISSIONER,"

begs leave to report as follows:

The purpose of this measure is to require licensure and regulation of third-party administrators by the Insurance Commissioner (Commissioner) in accordance with the National Association of Insurance Commissioners' Registration and Regulation of Third Party Administrators Guideline.

The Department of Commerce and Consumer Affairs, MDX Hawaii, Inc., Hawaii-Western Management Group, and Hawaii Medical Service Association submitted testimony in support of this measure. Hawaii-Mainland Administrators submitted testimony in opposition.

Your Committee has amended this measure by:

- (1) Clarifying that an applicant for licensure as an administrator needs to prove that the applicant has a positive net worth through annual financial statements;

SB1212 HD1 HSCR CPC HMS 2019-3010



- (2) Removing the licensing requirement for individuals employed or contracted to adjust claims for an administrator;
- (3) Reducing the surety bond an administrator must file and maintain from \$300,000 to \$100,000;
- (4) Clarifying the confidentiality, privilege, and use of records inspected by the Commissioner;
- (5) Clarifying that the compensation of an administrator for adjusting or settling claims will not increase contingent on claim experience;
- (6) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (7) 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. 1212, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1212, 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



State of Hawaii
House of Representatives **HSR 1406**
The THIRTIETH Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 1212 SD1	Committee Referral: CPC, FIN	Date: 3/12/19		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)	X			
2. ICHIYAMA, Linda (VC)				X
3. AQUINO, Henry J.C.	X			
4. BELATTI, Della Au				X
5. CABANILLA ARAKAWA, Rida	X			
6. CACHOLA, Romy M.	X			
7. HAR, Sharon E.	X			
8. KONG, Sam Satoru	X			
9. MIZUNO, John M.	X			
10. ONISHI, Richard H.K.	X			
11. MATSUMOTO, Lauren	X			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral _____ did not support recommendation. <div style="text-align: center; margin-left: 100px;"> <input type="checkbox"/> committee acronym(s) </div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				