

STAND. COM. REP. NO. 3517

Honolulu, Hawaii

**MAR 29 2022**

RE: H.B. No. 2112  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2112, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CREDIT FOR REINSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the provisions in the insurance code relating to bilateral agreements on insurance and reinsurance for consistency with the agreements between the United States and European Union and the United States and United Kingdom.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Insurers Council, Hawaii Medical Service Association, American Council of Life Insurers, Hawaii Independent Insurance Agents Association, Reinsurance Association of America, and American Property Casualty Insurance Association.

Your Committee finds that, in 2019, the National Association of Insurance Commissioners adopted amendments to its Credit for Reinsurance Model Law to make its provisions consistent with the requirements of federally negotiated bilateral agreements, or "covered agreements", between the United States and the European Union and the United States and the United Kingdom. Failure by the states to establish a reinsurance modernization framework and



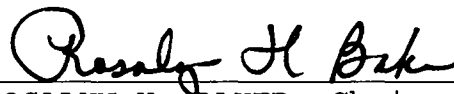
collateral reforms, and to implement reinsurance collateral provisions of the covered agreements, will subject states to federal preemption in this area. This measure is necessary to align the State's accounting for reinsurance with the other forty-nine states and maintain the State's accreditation with the National Association of Insurance Commissioners. This measure will further ensure that the State's Insurance Commissioner has the information necessary to regulate the ability and willingness of reinsurers to pay claims as they become due.

Your Committee has amended this measure by:

- (1) Making it effective upon its approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2112, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2112, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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



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ROSALYN H. BAKER, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2112, HD 1	CPN	03-18-22

The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312   
 Pass, with amendments 2311   
 Hold 2310   
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
NISHIHARA, Clarence K.				✓
RIVIERE, Gil	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	6			1

Recommendation:       Adopted                       Not Adopted

Chair's or Designee's Signature:

**Distribution:**      Original                  Yellow                  Pink                  Goldenrod  
File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy

\*Only one measure per Record of Votes