



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Friday, March 18, 2022  
10:00 a.m.  
Conference Room 229 and Via Videoconference**

**On the following measure:  
H.B. 2112, H.D. 1, RELATING TO CREDIT FOR REINSURANCE**

Chair Baker and Members of the Committee:

My name is Colin M. Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this administration bill and respectfully requests an amendment to the effective date in Section 6.

The purpose of this bill is to adopt revisions to the National Association of Insurance Commissioners' (NAIC) Credit for Reinsurance Model Law to conform to the requirements of the bilateral agreements on insurance and reinsurance between the United States and the European Union and between the United States and the United Kingdom.

The NAIC accreditation standard requires states to adopt the 2019 amendments to the NAIC's Credit for Reinsurance Model Law. The NAIC adopted the 2019 revisions to make the Credit for Reinsurance Model law consistent with bilateral agreements, or "covered agreements", entered into by the United States with the European union and the United Kingdom. Failure 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 and may jeopardize the Insurance Division's accreditation with the NAIC.

The Department respectfully requests the following amendment:

**Section 6**, page 44, line 6: "This Act shall take effect [~~on January 1, 2050~~] upon approval."

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with the requested amendment.

## TESTIMONY OF ALISON UEOKA

---

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair

Friday, March 18, 2022  
10:00 a.m.

### **HB 2112, HD1**

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce and Consumer Protection, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** the intent of HB 2112, HD1. This bill aligns Hawaii accounting for reinsurance with the other 49 states, is necessary for Hawaii to maintain its NAIC accreditation, and ensures that Hawaii's insurance regulator has the information they need to regulate the ability and willingness of reinsurers to pay their claims as they become due. SB 3080, SD1 is also moving and we understand that bill is preferred by the Insurance Commissioner, to which we have no objection.

This measure also ensures that Hawaii's law will not be preempted by the federal government, as this bill complies with the federally negotiated agreements with the EU and the UK.

Thank you for the opportunity to testify.



March 17, 2022

The Honorable Rosalyn H. Baker, Chair  
The Honorable Stanley Chang, Vice Chair  
Senate Committee on Commerce and Consumer Protection

Re: HB 2112 HD1 – Relating to Credit for Reinsurance

Dear Chair Baker, Vice Chair Chang, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2112 HD1, which amends 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 the United Kingdom. Effective 1/1/2050.

HMSA supports this measure to align the language in the Hawaii Revised Statutes with language from the National Association of Insurance Commissioners (NAIC) to ensure that the Department of Commerce and Consumer Affairs Insurance Division remains accredited with the NAIC.

Part of the NAIC accreditation standard requirement is for states to adopt the 2019 amendments to the NAIC's Credit for Reinsurance Model Law to ensure consistency with bilateral agreements that the United States entered into with the European Union as well as the United Kingdom. Adopting these amendments will ensure that Hawaii is not preempted by federal law.

Thank you for the opportunity to testify on this measure.

Sincerely,

Matthew W. Sasaki  
Assistant Vice President  
Government & External Relations

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN SUPPORT OF HB 2112, HD 1, RELATING TO CREDIT REINSURANCE

March 18, 2022

Honorable Senator Rosalyn H. Baker, Chair  
Honorable Stanley Chang, Vice-Chair  
Committee on Commerce and Consumer Protection  
State Senate  
Hawaii State Capitol, Room 229 and Videoconference  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Baker, Vice-Chair Chang and Members of the Committee:

Our firm represents the American Council of Life Insurers (“ACLI”). ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial well being through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 280 member companies represent 94 percent of industry assets in the United States. Two hundred seventeen (217) ACLI member companies currently do business in the State of Hawaii; and they represent 94% of the life insurance premiums and 97% of the annuity considerations in this State.

HB 2112, HD 1, adopts the 2019 revision to the National Association of Insurance Commissioners (“NAIC”) Credit for Reinsurance to conform to the requirements of the bilateral agreements on insurance and reinsurance between the United States (US) and the European Union and the US and the United Kingdom, and to ensure states’ regulatory authority remains intact.

ACLI supports HB 112, HD1’s, proposed changes. However, because of its clarity and readability ACLI would prefer passage of the amendments proposed in SB 3080, SD 1.

Again, thank you for the opportunity to testify in support of this bill.

LAW OFFICES OF  
OREN T. CHIKAMOTO  
A Limited Liability Law Company

Oren T. Chikamoto  
P. O. Box 4277  
Honolulu, Hawaii 96812  
Telephone: (808) 531-1500  
E mail: otc@chikamotolaw.com

# HIIA

HAWAII INDEPENDENT  
INSURANCE AGENTS ASSOCIATION  
1050 Queen Street, Ste 100  
Honolulu, HI 96814

Phone (808) 531-3125 Fax (808) 531-9995



Senator Rosalyn Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

RE: **HB 2112 HD1 – Relating to Credit for Reinsurance – In Support**  
March 18, 2022; 10:00 a.m.; via Videoconference

Aloha Chair Baker, Vice Chair Chang and members of the committee,

The Hawaii Independent Insurance Agents Association (HIIA) is submitting testimony in support of HB 2112 HD1 which amends 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.

HIIA is an organization devoted to promoting the independent agent in assisting the public with finding the best values for all their insurance needs. Our goal is to be a valued resource - to the public, by finding the best product at the best prices - and to the agent, by committing to be its advocate at the legislature and other governmental agencies so they can continue to serve and protect their clients. We see ourselves as consumer advocates, standing alongside our customers when they have a claim until settlement.

We urge your committee to pass this measure as it will align Hawaii accounting for reinsurance with our other 49 states. This will specifically maintain Hawaii's NAIC accreditation and ensures Hawaii's insurance regulator has the information needed to regulate reinsurers to pay their claims as they are due. We defer to the insurance commissioner for the necessary amendments.

Mahalo for the opportunity to submit testimony in support of this measure.



Senator Rosalyn Baker, Chair  
 Senator Stanley Chang, Vice Chair  
 Committee on Commerce and Consumer Protection



**Re: HB 2112 HD1 – RELATING TO CREDIT FOR REINSURANCE – IN SUPPORT**  
 March 18, 2022; 10:00 a.m.

Aloha Chair Baker, Vice Chair Chang and Members of the Committee:

The Reinsurance Association of America (“RAA”), on behalf of itself, the American Council of Life Insurers (ACLI) and the American Property Casualty Insurance Association (APCIA), submits the following comments in support of HB 2112 HD1 and in support of the amendments requested by Insurance Commissioner Hayashida in his submitted testimony.

The Reinsurance Association of America is the leading trade association of property and casualty reinsurers doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross border basis. The RAA represents its members before state, federal and international bodies.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI’s member companies are dedicated to protecting consumers’ financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI’s 280 member companies represent 95 percent of industry assets in the United States.

Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

RAA, ACLI and APCIA support HB 2112 HD1. The bill will align Hawaii’s law addressing accounting for reinsurance with the other 49 states. The term “credit for reinsurance” is consistent with insurance statutory accounting parlance. (New Mexico has passed and the District of Columbia is entertaining similar legislation this session.) In addition, the bill ensures that Hawaii’s insurance regulator has the information needed to regulate the ability and willingness of reinsurers to pay their claims as they become due.

The bill is also necessary for Hawaii to maintain its NAIC (National Association of Insurance Commissioners) accreditation. In addition to aligning with other states' laws, the measure also aligns with the requirements of federally negotiated covered agreements between the United States and the European Union (EU) and the United Kingdom (UK). Such alignment ensures that Hawaii's law will not be preempted by the federal government.

It is our understanding that Commissioner Hayashida prefers SB 3080 SD1 to this bill, previously passed by your committee and the Senate. We have no objection to SB 3080 SD1.

Thank you for the opportunity to submit testimony.

Dennis C. Burke  
Vice President, State Relations  
Reinsurance Association of America  
[burke@reinsurance.org](mailto:burke@reinsurance.org)  
202-783-8325

Steven Clayburn, FSA, MAAA  
Senior Actuary, Health Insurance & Reinsurance  
American Council of Life Insurers  
[steveclayburn@acli.com](mailto:steveclayburn@acli.com)  
202-624-2197

Mark Sektnan, Vice President  
State Government Relations  
American Property Casualty Insurance Association  
[mark.sektnan@apci.org](mailto:mark.sektnan@apci.org)  
916-449-1370