



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection and Commerce
Thursday, March 16, 2023
2:30 p.m.
State Capitol, Conference Room 329 and Via Videoconference

On the following measure:
S.B. 434, S.D. 1, RELATING TO INSURANCE

Chair Nakashima and Members of the Committee:

My name is Gordon I. Ito, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department opposes Section 2 of this bill and does not object to the remaining sections of this bill.

The purpose of this bill is to require sponsored captive insurance companies to maintain separate protected cells for separate participant contracts except for risk retention captive insurance companies, authorizes captive insurance companies to apply for a certificate of exemption from examination from the Insurance Commissioner, provided certain conditions are met; requires protected cells established by sponsored captive insurance companies to be approved by the Insurance Commissioner; authorize sponsored captive insurance companies to establish and maintain protected cells to insure risks of parties unaffiliated with a participant under certain circumstances; and

require a participant, through a sponsored captive insurance company, to insure only risks approved by the Insurance Commissioner.

Section 2 of this bill would amend Hawaii by Revised Statutes (HRS) section 431:19-108 by creating provisions to exempt captive insurance companies from certain examination requirements. This will dilute the regulatory standards of Hawaii's captive insurance laws and may contribute to a negative perception of the state's regulatory standards. Hawaii benefits from attracting captive insurance companies that value strong regulatory oversight as opposed to captive insurance companies seeking less robust standards.

Examination of captive insurance companies allows the Insurance Division to assess a captive insurance company's internal controls, financial condition, ability to fulfill insurance obligations, and compliance with insurance laws.

Further, the conditions for a certificate of exemption described in Section 2 of this bill at page 6, lines 5 to 10, are vague and may result in confusion and disputes with captive insurance companies seeking a certificate of exemption.

We do not object to the remaining sections of this bill.

Thank you for the opportunity to testify on this bill.



**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair

Representative Jackson D. Sayama, Vice Chair

Thursday, March 16, 2023

2:00 p.m.

Conference Room 329

State Capitol

415 South Beretania Street

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Paul Shimomoto, and I am submitting this testimony as President of the Hawaii Captive Insurance Council (“HCIC”). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii. We do this in partnership with the State of Hawaii Insurance Division (“Division”) on a local, national, and international level.

Today, Hawaii is home to 255 actively operating and licensed captive insurance companies. Their parent companies are headquartered all over the US, in Japan and Europe. A large portion of them are traded on major stock exchanges globally and are regularly included in Forbes’ Global 100 and 500 lists. As of the end of 2021, Hawaii was ranked the fifth largest captive domicile (in terms of number of active licenses) in the US, and the eighth largest domicile worldwide. Hawaii is also currently the domicile of choice for 40 Japanese-owned captive insurance companies, making it the global leader. On a combined basis as of December 31, 2021, these captive insurance companies wrote \$12.3 billion of gross written premium and had invested assets in Hawaii financial institutions that totaled \$1.6 billion.

The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and insurance management sectors to name a few, and it is estimated that it currently contributes nearly \$67 million to Hawaii’s economy annually.

Hawaii’s prominence within the global captive insurance industry is, however, not without competition. In the US, there are approximately 39 other states that are active captive insurance domiciles. This means that prospective captive owners – as well as current captive owners – have choices as to where they domicile and operate their captive insurance companies. Although

Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of “doing business” in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here. We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in S.B. No. 434 S.D. 1 (“Bill”) will help us achieve those goals by ensuring 1) that our laws are flexible and support the desires and needs of the constituency we serve, and 2) that our regulatory environment remains as responsive and efficient as possible.

For the foregoing reasons, the HCIC **strongly supports** the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

Paul B. Shimomoto

Paul Shimomoto, President
Hawaii Captive Insurance Council

**TESTIMONY IN SUPPORT OF PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair

Thursday, March 16, 2023
Conference Room 329
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair; and members of the House Committee on Consumer Protection & Commerce:

My name is Matthew Takamine, and I submit this testimony as the leader of Brown & Brown's global captive practice and the head of our Hawaii Risk Solutions office. Brown & Brown is one of the world's leading captive insurance managers and consultants, managing companies with nearly \$20 billion in assets and writing \$6.8 billion in insurance premiums. Brown & Brown has maintained an office in Hawaii since 1991. We manage captives and advise companies on captive jurisdictions throughout North America, Europe, and Asia.

I also submit this testimony a director of the Hawaii Captive Insurance Council ("HCIC"). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii. We do this in partnership with the State of Hawaii Insurance Division ("Division") on a local, national, and international level.

In my role as leader of our captive practice, we regularly advise companies with respect to where they should domicile their captives. These recommendations are based on thorough domicile analyses which include a number of factors such as quality and consistency of regulation, quality of service providers, travel considerations, and the costs of doing business. Today, we actively manage captives in approximately 25 jurisdictions across North America, including the State of Hawaii.

Since 1986, the State of Hawaii has been a pioneer and leader in the captive insurance industry. At that time, there were only five U.S. states with captive-enabling laws on their books. Due to the success of the captive industry across the U.S. and the significant economic benefits it brings to states with minimal footprint or environmental impact, there are now nearly 40 U.S. states which are captive insurance domiciles. Hawaii faces significant competition from these other jurisdictions for quality captive insurance companies and our laws must be conducive to providing a rigorous and comprehensive, yet flexible and business-friendly home for captive insurance companies. Without a proactive, strategic, and thoughtful approach to our captive environment, Hawaii will continue to lose ground to other jurisdictions.

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The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and insurance management sectors to name a few, and it is estimated that it currently contributes nearly \$67 million to Hawaii's economy annually.

Although Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of "doing business" in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here.

We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in S.B. No. 434 S.D. 1 ("Bill") will help us achieve those goals by ensuring 1) that our laws are flexible and support the desires and needs of the constituency we serve, and 2) that our regulatory environment remains as responsive and efficient as possible.

For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Very Truly Yours,



Matthew D. R. Takamine, CPA
Executive Managing Director, Captive Practice Leader
Brown & Brown

Director
Hawaii Captive Insurance Council





**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
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Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Jamie Asato, and I am submitting this testimony as Managing Director of Accuity LLP.

Accuity LLP (Accuity) is one of the largest CPA and consulting firms in the state, we're proud to serve clients in a variety of industries and sectors, including education, healthcare, technology, real estate, insurance, hospitality, retail, not-for-profit, and state and local government agencies.

Accuity specializes in providing audit, tax and consulting services to insurance companies and the captive insurance industry here in the State of Hawaii. We have a dedicated group of specialists who are specially trained in insurance accounting and reporting, both on a statutory and GAAP basis.

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Hawaii's prominence within the global captive insurance industry is, however, not without competition. In the US, there are approximately 39 other states that are active captive insurance domiciles. This means that prospective captive owners – as well as current captive owners – have choices as to where they domicile and operate their captive insurance companies. Although Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of "doing business" in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here. We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in Senate Bill 434 ("Bill") will help us achieve those goals by ensuring 1) that our laws are flexible and support the desires and needs of the constituency we serve, and 2) that our regulatory environment remains as responsive and efficient as possible.

For the foregoing reasons, we **strongly supports** the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

Jamie Asato

Digitally signed by Jamie
Asato
Date: 2023.03.12 21:25:33
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Jamie Asato
Accuity LLP



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**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair


Thursday March 16, 2023
Conference Room 329
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair; and members of the House Committee on Consumer Protection & Commerce:

My name is William H. Baxley, and I am submitting this testimony as Senior Vice President, Finance & Treasurer of Freeman Decorating Co. ("Freeman") and its Hawaii domiciled captive insurance company, Alice Re, Ltd. Freeman was founded in Iowa in 1927, and we are one of the largest live event management companies in the world producing over 5,000 in-person, digital and hybrid events each year, including events for the global insurance industry.

In 2010, Freeman redomesticated its captive insurance subsidiary to Hawaii from another major captive domicile. We chose to move our captive to Hawaii due to the strength of the State of Hawaii Insurance Division ("Division") and its support of the captive insurance community as well as Hawaii's overall excellent reputation as a business environment. We have not been disappointed. Our captive insurance company is supported in Hawaii by many business partners including a local law firm, captive management company and one of the major Hawaiian banks headquartered on Oahu. These partners, along with the Division, have given us tremendous support over our 13 years in Hawaii and helped to create an environment in which our overall global business operations flourish. We plan for this to continue long into the future.

Our captive insurance company, Alice Re, Ltd., has been a member of the Hawaii Captive Insurance Council (HCIC) since its move to Hawaii, and we hold our annual meeting locally each year during the HCIC Forum. We use the captive to insure our primary workers compensation, general liability and automobile liability coverages, and we plan to continue to grow the captive and its premium in the coming years by adding additional lines of coverage to its operations.



As you know, Hawaii now has 255 licensed and operating captive insurance companies based in the domicile. Our company is headquartered in Dallas, Texas, but there are companies based all over the US (and in many other countries) that have captives in Hawaii. This significant number of captives provides meaningful economic benefits to the State of Hawaii, and for this to remain, we believe that the State should continually review opportunities to structure its legal and regulatory framework in a manner that incentivizes prospective captive owners to choose Hawaii and also reaffirms the value proposition for existing captive owners already domiciled in the state.

We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in S.B. No. 434 S.D. 1 ("Bill") will help achieve those goals by ensuring that the laws in Hawaii are flexible and support the desires and needs of the constituency served and that the regulatory environment remains as responsive and as efficient as possible.

For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to many more successful years as a member of the Hawaii captive insurance community.

Respectfully submitted,

William H. Baxley

William H. Baxley

Freeman Decorating Co. (Alice Re, Ltd.)

Cooperative of
American Physicians
Insurance Company, Inc.

C A P I C

Administrative Office

333 S. Hope St., 8th Floor

Los Angeles, California 90071 | 800-252-7706

**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair

Representative Jackson D. Sayama, Vice Chair]

Thursday, March 16, 2023

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State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Alyson Lewis and I am submitting this testimony as President and Chief Operating Officer of the Cooperative of American Physicians Insurance Company, Inc. (CAPIC), a Hawaii-domiciled captive and wholly owned subsidiary of the Cooperative of American Physicians, Inc. (CAP). CAP was established in 1975 to provide various services relating to the general and professional welfare of its membership, including medical professional liability insurance coverage to over 12,000 independent physicians and surgeons licensed in California through the Mutual Protection Trust (MPT). CAP also provides certain benefits to physician members of the Hawaii Association of Physicians for Indemnification (HAPI), physicians and surgeons licensed to practice in Hawaii.

CAPIC celebrated its 20th anniversary as a Hawaii-domiciled captive in 2022. Our captive provides important insurance and reinsurance support to our parent corporation, CAP, to MPT, HAPI and to CAPAssurance, a Risk Purchasing Group domiciled in California. CAP formed CAPAssurance to allow large physician groups, hospitals and facilities access to a medical



COOPERATIVE OF
AMERICAN PHYSICIANS

A C A P C O M P A N Y

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Senate Bill 434 S.D. 1 - Relating to Insurance

Page 2 of 2

professional liability insurance product through a program where insurance is provided by a national medical professional liability insurance company.

CAPIC is one of Hawaii's 255 actively operating and licensed captive insurance companies. The legal and regulatory environment in Hawaii is critically important to us in order to conduct our business effectively and efficiently. We value and rely upon the expertise of our professional service providers in Hawaii, including our captive insurance broker, legal counsel, and banking partners.

We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in S.B. No. 434 S.D. 1 ("Bill") will help us achieve those goals by ensuring 1) that our laws are flexible and support the desires and needs of the constituency we serve, and 2) that our regulatory environment remains as responsive and efficient as possible.

For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,



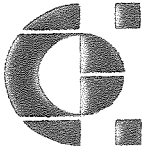
Alyson B. Lewis, President & COO
Cooperative of American Physicians Insurance Company, Inc.
March 13, 2023



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CALPINE CORPORATION

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TESTIMONY ON PROPOSED AMENDMENTS TO ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair]

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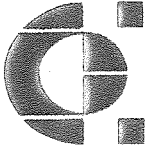
To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Denise Straka, and I am submitting this testimony as V.P. & Secretary of CPN Insurance Corporation, a subsidiary of Calpine Corporation.

Calpine Corporation is America's largest generator of electricity from natural gas and geothermal resources with robust commercial, industrial, and residential retail operations in key competitive power markets. Founded in 1984, we use advanced technologies to generate power in an efficient, cost-effective, and environmentally responsible manner.

CPN Insurance Corporation began writing insurance coverage on October 31, 2001, immediately following the events of 9/11 when the insurance market became extremely challenging to obtain insurance coverage at a reasonable cost. I have worked with the State of Hawaii and various services providers located in Hawaii to manage our captive since this time. I have found utilizing captive resources in Hawaii and working with the State of Hawaii Insurance Division to be extremely helpful to our organization and overall goals of managing our long-term cost of risk by utilizing a captive insurance company. It is extremely important to me that regulations in the State of Hawaii remain flexible and continue to support captive owners who choose to domicile their captives in Hawaii.

Today, Hawaii is home to 255 actively operating and licensed captive insurance companies. Their parent companies are headquartered all over the US, in Japan and Europe. A large portion of them are traded on major stock exchanges globally and are regularly included in Forbes' Global 100 and 500 lists. As of the end of 2021, Hawaii was ranked the fifth largest captive domicile (in terms of number of active licenses) in the US, and the eighth largest domicile worldwide. Hawaii is also currently the domicile of choice for 40 Japanese-owned captive insurance companies, making it the global leader. On a combined basis as of December 31, 2021, these captive insurance companies wrote \$12.3 billion of gross written premium and had invested assets in Hawaii financial institutions that totaled \$1.6 billion.



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Senate Bill No. 434 S.D. 1 – Relating to Insurance

Page 2

The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and insurance management sectors to name a few, and it is estimated that it currently contributes nearly \$67 million to Hawaii's economy annually.

Hawaii's prominence within the global captive insurance industry is, however, not without competition. In the US, there are approximately 39 other states that are active captive insurance domiciles. This means that prospective captive owners – as well as current captive owners – have choices as to where they domicile and operate their captive insurance companies. Although Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of “doing business” in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here. We believe the proposed amendments to Article 19, Chapter 431 of the Hawaii Revised Statutes set forth in S.B. No. 434 S.D. 1 (“Bill”) will help us achieve those goals by ensuring 1) that our laws are flexible and support the desires and needs of the constituency we serve, and 2) that our regulatory environment remains as responsive and efficient as possible.

For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

Denise Straka
V.P. & Secretary
CPN Insurance Corporation



**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

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To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair; and members of the House Committee on Consumer Protection & Commerce:

My name is Matthew Reece, and I am submitting this testimony as CFO and Treasurer of Paramount Insurance, Inc., and Senior Executive Vice President, CFO, and CAO of Webcor L.P. Paramount Insurance, Inc. (Paramount) is celebrating its twentieth year operating as a licensed captive insurance company in the State of Hawai'i. Members of Paramount's Board of Directors travel annually to Hawai'i to conduct their annual Board meeting and attend the Hawai'i Captive Insurance Council (HCIC) Conference as well as travel to the State to conduct regular captive business. Members of the Paramount Board have presented at the HCIC conference, and on behalf of the HCIC at other out-of-state conferences, and were recently elected to the HCIC Board. In addition, Paramount supports the local captive industry by retaining the Honolulu office of its captive manager, Honolulu-based law firm and both local banks for its custodial and investment management needs. Recently, Paramount converted from a Class 2 pure captive to a Class 4 sponsored captive, helping to grow the domicile by adding a protected cell account.

As Paramount's Sponsor, the operating arms of Webcor L.P. provide general contracting and self-perform concrete, drywall and carpentry services in the State of California with its origin dating back to 1971. Paramount functions as an integral component of Webcor's business, fortifying its Sponsor's balance sheet, delivering relatively consistent profit over time, and insuring certain risks that are challenging to cover in the traditional market. The decision to select Hawai'i over other domiciles was not a difficult one. Twenty years ago, the options were limited, and geographically, Hawai'i made the most sense for a California-based Sponsor. That decision has not only proved to be a great one but is perhaps one of the best strategic decisions ever made by Webcor, and the decision to remain in Hawai'i is supported by the State's efforts to fund a specialized captive insurance division that provides fair, prompt and professional regulatory review responsive to the industry's needs.

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For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "matt reece".

Matthew Reece, CFO and Treasurer
Paramount Insurance, Inc.
Senior Executive Vice President, CFO, and CAO
Webcor, L.P.



**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair

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To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Jill Miura, and I am submitting this testimony as Treasurer and a member of the Board of Directors of the Hawaii Captive Insurance Council (HCIC). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii. We do this in partnership with the State of Hawaii Insurance Division on a local, national and international level.

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For the foregoing reasons, the HCIC strongly supports the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

Jill Miura, Treasurer
Hawaii Captive Insurance Council



Willis Towers Watson
733 Bishop Street, Suite 1555
Honolulu, Hawaii 96813
(808) 535.0511

**TESTIMONY IN SUPPORT OF PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair]

Thursday, March 16, 2023
Conference Room 329
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Denys Kazama and I am submitting this testimony as Associate Director at WTW, formerly known as Willis Towers Watson. WTW is a global company with \$8.9B in revenue and \$31.8B in assets that offers a professional consulting and support services related to captive insurance, insurance, pensions and retirement planning. WTW provides captive management and consulting services to over 175 captive insurance companies in over 20 captive domiciles, including twenty-nine (29) captive insurance companies managed by our Honolulu office and owned by publicly traded and privately held U.S. and Japanese companies.

I also submit this testimony as a Director and Vice President of the Hawaii Captive Insurance Council (HCIC). The HCIC is a non-profit corporation organized to promote and develop the State of Hawaii's captive insurance industry as a strong and stable domicile. We partner with the State of Hawaii Insurance Division and represent captive owners to ensure Hawaii maintains its reputation as a premier domicile for captive insurance companies.

Today, Hawaii is home to 255 actively operating and licensed captive insurance companies. Their parent companies are headquartered all over the US, in Japan and Europe. A large portion of them are traded on major stock exchanges globally and are regularly included in Forbes' Global 100 and 500 lists. As of the end of 2021, Hawaii was ranked the fifth largest captive domicile (in terms of number of active licenses) in the US, and the eighth largest domicile worldwide. Hawaii is also currently the domicile of choice for 40 Japanese-owned captive insurance companies, making it the global leader. On a combined basis as of December 31, 2021, these captive insurance companies wrote \$12.3 billion of gross written premium and had invested assets in Hawaii financial institutions that totaled \$1.6 billion.

The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and

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For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Denys Kazama", with a stylized flourish at the end.

Denys Kazama, Associate Director
WTW

**TESTIMONY ON PROPOSED AMENDMENTS TO
ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
RELATING TO INSURANCE (S.B. NO. 434 S.D. 1)**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
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415 South Beretania Street
Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Fay Okamoto, and I am submitting this testimony as a Director of the Hawaii Captive Insurance Council (“HCIC”). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii

I have been a captive manager in Hawaii for over 30 years. As a captive manager, one of our roles is to liaise between captive insurance companies, their owners, and the captive regulatory branch at the State of Hawaii Insurance Division.

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Fay Okamoto
Director, Hawaii Captive Insurance Council



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ARTICLE 19, CHAPTER 431, HAWAII REVISED STATUTES
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Representative Mark M. Nakashima, Chair
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Honolulu, Hawaii 96813

To Representative Mark M. Nakashima, Chair; Representative Jackson D. Sayama, Vice Chair;
and members of the House Committee on Consumer Protection & Commerce:

My name is Christina Kamaka, Director and Secretary of the Hawaii Captive Insurance Council. As a member of the Hawaii Captive Insurance Council (“HCIC”) and Office Head of Aon’s Captive Management group, we thank you for the opportunity to provide this written testimony. Aon provides consulting and captive management services for 43 of Hawaii captive insurance companies.

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For the foregoing reasons, we strongly support the Bill.

Thank you for the opportunity to submit this testimony. We look forward to your kind and favorable consideration.

Respectfully submitted,

DocuSigned by:

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Christina Kamaka, Vice President
Aon Insurance Managers (USA) Inc.