

STAND. COM. REP. NO.

1378

Honolulu, Hawaii

MAR 21, 2023

RE: S.B. No. 434
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 434, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require sponsored captive insurance companies to maintain separate protected cells for separate participant contracts;
- (2) Authorize captive insurance companies to apply for a certificate of exemption from examination from the Insurance Commissioner; provided that certain conditions are met;
- (3) Require protected cells established by sponsored captive insurance companies to be approved by the Insurance Commissioner;
- (4) Authorize sponsored captive insurance companies to establish and maintain protected cells to insure risks of parties unaffiliated with a participant under certain circumstances; and

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- (5) Require a participant, through a sponsored captive insurance company, to insure only risks approved by the Insurance Commissioner.

Your Committee received testimony in support of this measure from the Hawaii Captive Insurance Council; Brown & Brown; Accuity LLP; Freeman Decorating Co.; Cooperative of American Physicians Insurance Company, Inc.; CPN Insurance Corporation; Paramount Insurance, Inc.; Webcor, L.P.; WTW; Aon Insurance Managers (USA) Inc.; and two individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the State is home to a robust captive insurance market, as the State is the fifth largest captive domicile in the United States and the eighth largest domicile worldwide. This measure provides flexibility to captive insurance companies and allows the regulatory environment to be responsive and efficient.

Your Committee has amended this measure by:

- (1) Deleting from the list of conditions for obtaining a certificate of exemption that the applicant demonstrate other good cause for the exemption; and
- (2) Making technical, nonsubstantive amendments for the purposes of 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. 434, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 434, 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,



MARK M. NAKASHIMA, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 434SD1	Committee Referral: CPC, FIN	Date: 03-16-23		
<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. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)	/			
3. AMATO, Terez	/			
4. BELATTI, Della Au	/			
5. HASHEM, Mark J.	/			
6. HUSSEY-BURDICK, Natalia	/			
7. GATES, Cedric Asuega	/			
8. LOWEN, Nicole E.	/			
9. ONISHI, Richard H.K.	/			
10. TAM, Adrian K.	/			
11. PIERICK, Elijah	/			
TOTAL (11)	11			
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; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				