Honolulu, Hawaii

FEB 1 6 2024

RE: S.B. No. 3081
        S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 3081 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to update and improve various provisions of title 24, Hawaii Revised Statutes relating to the State's Insurance Code. Specifically, this measure:

(1) Defines "dormant captive insurance company" and sets out a procedure to apply for a certificate of dormancy;

(2) Adds the term "doing business as" to "trade name" statutory references;

(3) Clarifies continuing education provider filing requirements;

(4) Clarifies reinsurance intermediary-manager filing requirements;

(5) Amends the surety bond threshold requirement for third party administrators and clarifies the audited financial statements requirements;

(6) Amends the definitions of "controlled unaffiliated
     business" and "participant" as applied to captive
     insurance companies; and

(7) Provides an exemption from premium taxes for a captive
     insurer in its first year after formation.

Your Committee received testimony in support of this measure
from the Insurance Division of the Department of Commerce Consumer
Affairs and one individual.

Your Committee received comments on this measure from the
Hawaii Captive Insurance Council, Brown & Brown, Tax Foundation of
Hawaii, and two individuals.

Your Committee finds that periodically updating the State's
insurance law is necessary to provide greater protections to
consumers, improve the administration and enforcement of regulated
entities, and address issues that arise after the implementation
of adopted laws and rules. Therefore, this administration measure
makes various technical corrections and improvements to the
Insurance Code.

Notwithstanding, your Committee has heard the testimony of
the Insurance Division of the Department of Commerce and Consumer
Affairs, requesting that certain amendments concerning taxation of
captive insurance companies be deleted, as they are not necessary
at this time. Therefore, amendments to measure are necessary to
address this issue.

Accordingly, your Committee has amended this measure by:

(1) Deleting section 9 of this measure, that would have
     exempted captive insurance companies from payment of
     premium taxes for the first year after their formation;
     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

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purpose of S.B. No. 3081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3081, S.D. 1, and be referred to your Committee on Ways and Means.

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

_____
JARRETT KEOHOKALOLE, Chair

The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
SB3081	CPN, WAM	2/9/24

☐ 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
KEOHOKALOLE, Jarrett (C)	✔			
FUKUNAGA, Carol (VC)	✔			
MCKELVEY, Angus L.K.	✔			
RICHARDS, III, Herbert M. "Tim"				✔
AWA, Brenton	✔			
TOTAL	4			1

Recommendation:

☑ Adopted　　　　　☐ Not Adopted

Chair's or Designee's Signature:

Carol Fukunaga

*Only <u>one</u> measure per Record of Votes