

# SB2852

Measure Title:	RELATING TO THE INSURANCE HOLDING COMPANY SYSTEM.
Report Title:	The Insurance Holding Company System
Description:	Adopts revisions to the National Association of Insurance Commissioners' model law on the Insurance Holding Company System Regulatory Act.
Companion:	<a href="#">HB2323</a>
Package:	Governor
Current Referral:	CPH
Introducer(s):	KOUCHI (Introduced by request of another party)



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
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  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Friday, February 19, 2016  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2852 – RELATING TO THE INSURANCE  
HOLDING COMPANY SYSTEM.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”). The Department strongly supports this Administration bill.

The purposes of this bill are to: (1) amend the Insurance Holding Company  
System Regulatory Act, codified at Hawaii Revised Statutes (“HRS”) §§ 431:11-101  
through 431:11-117, to maintain the Insurance Division’s accreditation with the National  
Association of Insurance Commissioners (“NAIC”); and (2) to make technical,  
substantive, and nonsubstantive amendments for clarity and consistency.

During the Insurance Division’s last interim accreditation review in August 2014,  
the NAIC stated the Insurance Holding Company System Regulatory Act will need to be  
revised by January 1, 2016, as changes made by the 2014 Legislature would make  
Hawaii noncompliant with NAIC accreditation standards. Accordingly, the Insurance  
Holding Company System Regulatory Act should be amended to resolve its substantial  
deviations from the NAIC Insurance Holding Company System Regulatory Model Act.

**Senate Bill No. 2852**  
**DCCA Testimony of Gordon Ito**  
**Page 2**

SECTION 1 of the bill amends the definitions of “domestic insurance holding company system” and “statement” in HRS § 431:11-102.

SECTION 2 of the bill amends HRS § 431:11-104(b) by identifying the correct HRS section that references the annual report.

SECTION 3 of the bill amends HRS § 431:11-105(b) by requiring an insurer that is subject to registration to file with the Commissioner the financial statements of the insurance holding company system and its affiliates, as well as any other information required by the Commissioner by rule.

SECTION 4 of the bill amends HRS § 431:11-107 by setting forth the Commissioner’s examination authority of insurers registered under HRS § 431:11-105, as well as their affiliates, to ascertain their financial condition and enterprise risk.

SECTION 5 of the bill makes technical and nonsubstantive amendments to HRS § 431:11-108(c), which sets forth the Commissioner’s examination authority of insurers registered under HRS § 431:11-105, as well as their affiliates, to ascertain their financial condition and enterprise risk.

We thank the Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN SUPPORT OF SENATE BILL 2852, RELATING TO THE INSURANCE  
HOLDING COMPANY SYSTEM

February 19, 2016

Via e mail: [capitol.hawaii.gov/submittestimony.aspx](http://capitol.hawaii.gov/submittestimony.aspx)

Honorable Senator Rosalyn H. Baker, Chair  
Committee on Commerce, Consumer Protection and Health  
State Senate  
Hawaii State Capitol, Conference Room 229  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Baker and Committee Members:

Thank you for the opportunity to testify in support of SB 2852, relating to the Insurance Holding Company System.

Our firm represents the American Council of Life Insurers (“ACLI”), a Washington, D.C., based trade association with approximately 300 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Two hundred sixteen (216) ACLI member companies currently do business in the State of Hawaii; and they represent 93% of the life insurance premiums and 88% of the annuity considerations in this State.

In its current form, Hawaii’s Insurance Holding Company System Regulatory Act is in part non-compliant with the National Association of Insurance Commissioners (NAIC) Model Insurance Holding Company System Regulatory Act. Further, the Justification Sheet for SB 2852 states that the bill’s amendments to Article 11 of Hawaii’s Insurance Code are necessary to maintain the State’s accreditation with the NAIC.

SB 2852 amends Article 11 of Hawaii’s Insurance Code to comply with the NAIC Model Insurance Holding Company System Regulatory Act.

ACLI had worked closely with the NAIC in adopting the Model Act and generally supports legislation which conform to uniform national standards.

Accordingly ACLI stands in strong support of SB 2852 and requests its passage into law.

Again, thank you for the opportunity to testify in support of SB 2852, relating to the Insurance Holding Company System.

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

Oren T. Chikamoto  
1001 Bishop Street, Suite 1750  
Honolulu, Hawaii 96813  
Telephone: (808) 531-1500  
E mail: [otc@chikamotolaw.com](mailto:otc@chikamotolaw.com)