

STAND. COM. REP. NO.

894

Honolulu, Hawaii

MAR 18 2013

RE: H.B. No. 841
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 841, H.D. 1, 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 the Insurance Code by streamlining and improving the operations of the Insurance Division of the Department of Commerce and Consumer Affairs and ensuring that the Insurance Division retains its accreditation with the National Association of Insurance Commissioners.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and Hawaii Captive Insurance Council.

Your Committee finds that this measure updates the Insurance Code and includes amendments to certain provisions of the Insurance Code that relate to risk retention captive insurance companies domiciled in Hawaii under the State's captive insurance law. This will permit the State to maintain its accredited status with the National Association of Insurance Commissioners.

Your Committee further finds that this measure establishes a thirty-day deadline to request an administrative hearing. Your Committee notes that the Senate companion to this measure, S.B. No. 1072, S.D. 2, which was previously passed by the Senate, does

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not establish a similar deadline. Your Committee finds that the language in S.B. No. 1072, S.D. 2, is preferable because it does not establish a specific deadline for parties to request administrative hearings on complicated regulatory issues, as parties already have sufficient flexibility and reasonable time to request a hearing pursuant to chapter 91, Hawaii Revised Statutes, the Administrative Procedure Act.

Accordingly, your Committee has amended this measure by:

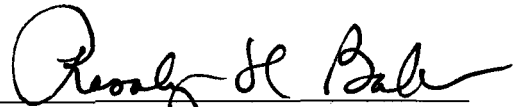
- (1) Deleting its contents and replacing them with the contents of S.B. No. 1072, S.D. 2, a substantively similar measure, which updates the Insurance Code and ensures the Insurance Division retains its accreditation with the National Association of Insurance Commissioners by:
 - (A) Adopting the current authorized control level for the risk-based capital trend test for life insurers;
 - (B) Increasing the maximum allowable credit hours for producer continuing education courses;
 - (C) Adopting the provisions of the National Association of Insurance Commissioners Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition;
 - (D) Clarifying that the nonrefundable application fee for a captive insurance company redomesticating from another jurisdiction to Hawaii must be paid at the time of petition for a certificate of general good; and
 - (E) Clarifying the sections that are applicable to risk retention captive insurance companies; and
- (2) Further amending this measure by inserting an effective date of July 1, 2013.

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



purpose of H.B. No. 841, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 841, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair



