

STAND. COM. REP. NO.

1207

Honolulu, Hawaii

March 27, 2015

RE: S.B. No. 1094
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred S.B. No. 1094, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to make technical amendments
to Hawaii's insurance laws in title 24 of the Hawaii Revised
Statutes (HRS) to streamline operations, improve administrative
efficiency, and reduce confusion and inefficiency in implementing
Hawaii's insurance laws.

Among other things, this measure:

- (1) Establishes and increases fees for the following:
 - (A) Purchasing groups and foreign risk retention
groups: \$300 initial registration fee and \$150
annual service fee;
 - (B) Fraternal benefit societies: \$900 application for
certificate of authority fee, \$600 issuance of
certificate of authority fee, \$1,500 application
for a preliminary certificate of authority fee,
\$150 issuance of preliminary certificate of
authority fee, \$600 annual fee, and \$25 service of
process fee;

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- (C) Insurance companies: \$900 application for certificate of authority fee, \$600 issuance of certificate of authority fee, and \$1,500 application for solicitation permit fee;
 - (D) Mutual benefit societies: \$900 application for certificate of authority fee, \$600 issuance of certificate of authority fee, \$1,500 application for certificate of registration fee, and \$600 annual fee; and
 - (E) Health maintenance organizations and dental insurers: \$900 application for certificate of authority fee, \$600 issuance of certificate of authority fee, and \$600 annual fee;
- (2) Changes references to "disability income" and "disability income benefits" in section 431:5-307, HRS, to conform to the National Association of Insurance Commissioners' Standard Valuation Model Law;
 - (3) Amends the definitions of "contract" and "insurer" to clarify that readability of insurance contracts in article 10, chapter 431, HRS, applies to accident and health or sickness contracts and mutual benefit society contracts; and
 - (4) Repeals the requirement that foreign risk retention groups file financial statements with the Insurance Division.

The Department of Commerce and Consumer Affairs testified in support of this measure.

Your Committee has amended this measure by:

- (1) Inserting the contents of S.B. 1095 S.D.1, which makes additional changes to title 24, HRS, including:
 - (A) Specifying that rerating of rates approved by the Insurance Commissioner is prohibited;
 - (B) Permitting the suspension, revocation, or denial of a mutual benefit society's certificate of authority under certain conditions; and



- (C) Making other conforming amendments;
- (2) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (3) 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. 1094, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1094, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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



ANGUS L.K. MCKELVEY, Chair



