

Honolulu, Hawaii  
March 24, 2016

RE: S.B. No. 2852  
S.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2852, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE INSURANCE HOLDING COMPANY SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to amend the Insurance Holding Company System Regulatory Act under article 11 of chapter 431, Hawaii Revised Statutes, to maintain the Insurance Division's accreditation with the National Association of Insurance Commissioners.

The Department of Commerce and Consumer Affairs and the American Council of Life Insurers provided testimony in support of this measure.

Your Committee notes that Act 234, Session Laws of Hawaii 2014, adopted revisions to the National Association of Insurance Commissioners' model laws on the Insurance Holding Company System Regulatory Act, including the establishment of certain exemptions to requirements of the Act for domestic insurance holding company systems, similar to those that were created in National Association of Insurance Commissioners member states such as Texas and Kansas. In August 2014, the National Association of Insurance Commissioners reviewed the Insurance Division of the Department of Commerce and Consumer Affairs for accreditation purposes. In this review, the Association found that in order for the Insurance

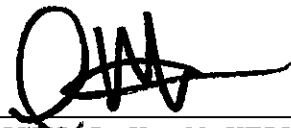


Division to maintain its accreditation, the State's Insurance Holding Company System Regulatory Act needs to be further amended to conform to the Insurance Holding Company System Regulatory Model Act. Accordingly, your Committee finds that this measure is necessary to amend the State's Insurance Holding Company System Regulatory Act to ensure compliance and accreditation with the National Association of Insurance Commissioners.

Your Committee further notes that exempting certain non-insurance affiliates of a domestic insurance holding company system that were formed prior to January 1, 1995, from examinations required by the State's Insurance Holding Company System Regulatory Act provides a compromise that allows the State to maintain National Association of Insurance Commissioners accreditation while not adversely affecting one of the State's largest insurance companies.

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. 2852, S.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Finance.

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



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ANGUS L.K. MCKELVEY, Chair



