

Honolulu, Hawaii

APR 29 2016

RE: S.B. No. 2854
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

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

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2854, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to make various amendments in the Insurance Code relating to: property insurance; market conduct; insurance premium taxes; insurance contracts; accident and health or sickness insurance; claim filing; captive insurance companies; duty to respond; mental health and alcohol and drug abuse treatment insurance benefits; the Hawaii Hurricane Relief Fund; covered services; mutual benefit societies; and health maintenance organizations.

Your Committee on Conference finds that this measure makes numerous amendments to update and improve the State's Insurance Code, including: conforming to model legislation; updating

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terminology; amending health care provider provisions for consistency; adding flexibility to captive insurance laws; and adding certain consumer protections. Your Committee further finds that certain language in this measure regarding monthly and annual premium tax statements and payments may have unintended consequences that could create delays or increase administrative costs. Amendments to this measure are therefore needed to address these concerns.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Insurance Commissioner has the authority to approve or disapprove written requests from insurers seeking to provide multi-peril coverage for residential property after July 1, 2016, and making associated amendments regarding multi-peril coverage available from the Hawaii Hurricane Relief Fund for consistency and to conform with current insurance industry terminology;
- (2) Requiring each authorized insurer to file their monthly and annual statement and premium tax statements and pay their premium taxes electronically, rather than limiting this electronic filing and payment requirement to insurers with a tax liability in excess of \$100,000;
- (3) Requiring payment of monthly and annual taxes via Automated Clearing House debit or credit for authorized insurers to coincide with the authorized insurers' annual and monthly tax statement filing requirements;
- (4) Clarifying that in cases of contested or denied claims, an entity is required to notify a health care provider, insurer, or member filing a claim from a non-contracted provider;
- (5) Amending the definition of "contraceptive services", as applied to mutual benefit societies, to maintain uniformity with the definition of "contraceptive services", as applied to accident and health or sickness insurers and health maintenance organizations;
- (6) Changing the effective date to July 1, 2016; provided that the provisions in this measure that require insurers to file their premium tax statements and pay their premium



taxes electronically shall take effect on January 1, 2017;
and

- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2854, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2854, S.D. 2, H.D. 1, C.D. 1.

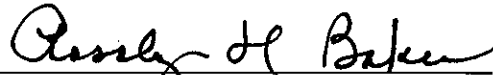
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

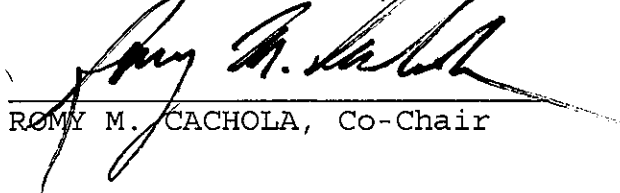
ON THE PART OF THE SENATE



ANGUS L.K. MCKELVEY, Co-Chair



ROSALYN H. BAKER, Chair



ROMY M. CACHOLA, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



Record of Votes of a
Conference Committee

| | |
|---|-----------------------------------|
| Bill / Concurrent Resolution No.: SB 2854, SD 2, HD 1 | Date/Time: 4/29/16 10:54AM |
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

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| <input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure | <input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure. |
|---|---|

| Senate Managers | A | WR | N | E | House Managers | A | WR | N | E |
|------------------------------|----------|----------|----------|----------|-------------------------------|----------|----------|----------|----------|
| BAKER, Rosalyn H., Chr. | ✓ | | | | MCKELVEY, Angus L.K., Co-Chr. | ✓ | | | |
| TANIGUCHI, Brian T., Co-Chr. | ✓ | | | | CACHOLA, Romy M., Co-Chr. | ✓ | | | |
| SLOM, Sam | | | | ✓ | WOODSON, Justin H. | ✓ | | | |
| | | | | | FUKUMOTO CHANG, Beth | ✓ | | | |
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| TOTAL | 2 | - | - | 1 | TOTAL | 4 | - | - | - |

A = Aye WR = Aye with Reservations N = Nay E = Excused

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| Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted |
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| Senate Lead Chair's or Designee's Signature: | House Lead Chair's or Designee's Signature: |
|--|---|

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|----------------------|---|--|---|--|
| Distribution: | Original <i>File with Conference Committee Report</i> | Yellow <i>House Clerk's Office</i> | Pink <i>Senate Clerk's Office</i> | Goldenrod <i>Drafting Agency</i> |
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