

STAND. COM. REP. NO.

2531

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 2938  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2938 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE REGULATORY  
VARIANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the  
Insurance Commissioner to grant variances, waivers, or no action  
letters with respect to specific requirements of the Insurance  
Code or its rules when certain conditions are met.

Your Committee received testimony in support of this measure  
from the Department of Commerce and Consumer Affairs, American  
Insurance Association, and Hawaii Medical Service Association.

Your Committee finds that technology and consumer  
expectations are rapidly transforming the regulated insurance  
industry. Substantial investments are being made in innovative  
insurance products, services, and technologies, which have great  
potential to improve risk mitigation, improve efficiencies, reduce  
costs of insurance transactions, speed up claim payments, and  
improve overall customer understanding of, and satisfaction with,  
this essential form of financial protection.

Your Committee further finds that it is advantageous to have  
a procedure available to provide narrowly-tailored variances for



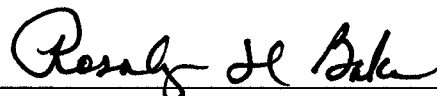
insurers, as this could promote expanded competition and innovation in the insurance industry and ultimately benefit consumers. Your Committee additionally finds that this measure authorizes the Insurance Commissioner to approve applications for no action letters, waivers, or variances with respect to certain enforcement or application requirements of the State's insurance laws, but does not alter existing requirements regulating the financial viability and duties and obligations of insurers. This measure therefore encourages the piloting and testing of new and innovative products, pricing, and ways of delivering insurance to businesses and consumers.

Your Committee has amended this measure by:

- (1) Clarifying the Insurance Commissioner's ability to approve applications for no action letters, waivers, or variances; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2938, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2938, S.D. 1, and be placed on the calendar for Third Reading.

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



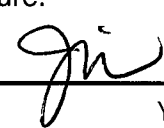
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ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:* <b>SB 2938</b>	Committee Referral: <b>CPH</b>	Date: <b>2/15/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TOKUDA, Jill N. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.	/			
<b>TOTAL</b>	<b>6</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 2em; font-family: cursive;">  </div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes