

STAND. COM. REP. NO.

1400

Honolulu, Hawaii

MAR 25 , 2021

RE: S.B. No. 1096  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1096, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to make various amendments to the State's insurance laws. Specifically, this measure:

- (1) Institutes certain consumer protections with regard to public adjusters, by:
  - (A) Requiring certain contractual terms and disclosures;
  - (B) Specifying the commissions, fee, or other compensation that public adjusters may charge cannot be unreasonable; and
  - (C) Specifying that insureds have a right to rescind that contract, with certain restrictions;
- (2) Imposes the standard of conduct that is applied to other insurers upon limited lines motor vehicle rental company

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producers, owners of self-service storage facilities, and vendors of portable electronics;

- (3) Authorizes the Insurance Commissioner to waive or modify, in whole or part, upon a showing of good cause, any or all fees deposited into the Commissioner's Education and Training Fund and Compliance Resolution Fund;
- (4) Mandates the electronic payment of certain taxes and electronic filing of certain reports, and updates the system utilized for electronic filing;
- (5) Corrects an inaccuracy by stating that public adjusters and bill reviewers handle funds, not premiums;
- (6) Reinstates the right to an administrative hearing and appeal from an order that was inadvertently repealed by Act 279, Session Laws of Hawaii 2019;
- (7) Amends the composition and criteria for choosing members of the Hawaii Joint Underwriting Plan Board of Governors;
- (8) Clarifies that rewards under wellness programs that meet certain criteria do not constitute a rebate by insurers to insureds;
- (9) Deletes the statutory date for extensions of certificates of authority for risk retention groups and authorizes the Insurance Commissioner to establish the dates consistent with the Insurance Commissioner's authority to establish dates for extensions for other insurers under the Insurance Code; and
- (10) Repeals the \$140 penalty imposed on pharmacy benefit managers for failure to renew their registration.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawaii Medical Service Association; Kaiser Permanente Hawai'i; American Insurance Group, Inc.; and American Association of Public Insurance Adjusters. Your Committee received comments on this measure from the American Council of Life Insurers.



Your Committee finds that updating the State's insurance laws is necessary to increase clarity, provide greater protections to consumers, and improve the administration and enforcement of regulated entities. This measure will accomplish all of these objectives.

Your Committee has amended this measure by:

- (1) Lowering the minimum nonforfeiture interest rate from one percent to fifteen-hundredth of one percent;
- (2) Changing the effective date to January 1, 2050, 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. 1096, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1096, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



AARON LING JOHANSON, Chair



