Honolulu, Hawaii

Feb 7, 2006

RE: H.B. No. 2753

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2753 entitled:

"A BILL FOR AN ACT RELATING TO MUTUAL BENEFIT SOCIETIES," begs leave to report as follows:

The purpose of this bill is to protect members of a mutual benefit society in the event of its dissolution by:

- (1) Ensuring that the assets of a mutual benefit society in dissolution escheat to the State of Hawaii; and
- (2) Authorizing the Insurance Commissioner to take actions reasonably required to prevent dissipation of a mutual benefit society's assets prior to their dissolution and to ensure the continued operation of the mutual benefit society for the benefit of its members.

The Department of Commerce and Consumer Affairs and Hawaii Coalition for Health testified in support of this bill. The Hawaii Medical Services Association testified in opposition to this measure. The American Council of Life Insurers offered comments of this measure.

Although the Insurance Commissioner currently has the authority to deal with insurers that are insolvent, no such remedies exist for mutual benefit societies that are not insolvent but have decided to no longer provide benefits to their members. Your Committee understands that in such cases, while a mutual

HB2753 HSCR HLT HMS 2006-1553



benefit society may have significant assets, these assets are not the property of the management of the society but that no mechanism is in place to regulate what happens to the assets.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2753 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on behalf of the members of the Committee on Health,

DENNIS A. ARAKAKI, Chair



State of Hawaii House of Representatives The Twenty-third Legislature

Record of Votes of the Committee on Health

| Bill/Resolution No.: | 2753 | Date: | 2/02/01 | 6 | |
|--|-----------------------|---------------------------------------|--|--------------------|--|
| Committee Referral: HL | 2753 T, cPC/JUD FI | The comprevious | mittee is reconsider as decision on the m | ing its | |
| The recommendation is to: Pass, unamended | | ☐ Pass, with amendments | | | |
| · | □ Hold | □ Re | ecommit | | |
| HLT Members | | Ayes | Ayes (WR) | Nays | Excused |
| 1. ARAKAKI, Dennis A. (| | | | | |
| GREEN, Josh, M.D. (Ve CABANILLA, Rida T.F. | | | | | |
| 4. HALE, Heléne H. | | | | | |
| 5. NISHIMOTO, Scott Y. | | | | | |
| 6. SONSON, Alex M. | | | | | |
| 7. HALFORD, Chris | | | | | |
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| TOTAL | | 7 | 0 | 0 | 0 |
| The recommendation is: | Adopted | | | | |
| | ☐ Not Adopted | | | | |
| | If joint referral, | | did not suppo | urt recommendation | , |
| If joint referral, did not support recommendation. committee acronym(s) | | | | | |
| Vice Chair's or designees signa | ature: | | | <u> </u> | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office | | | | | |