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# A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. (a) There shall be a comprehensive financial  
2 and operational audit performed on each domestic mutual benefit  
3 society formed under chapter 432, Hawaii Revised Statutes. The  
4 audit shall take place not later than January 1, 2009, and shall  
5 examine and assess the impact of the mutual benefit society's  
6 tax exempt status provided under section 432:1-403, Hawaii  
7 Revised Statutes, in comparison to the community benefit the  
8 mutual benefit society provides at the expense of the State of  
9 Hawaii. The focus of the audit should include both the tax not  
10 due as a result of the mutual benefit society's tax exemption  
11 and the annual resources contributed to the state by mutual  
12 benefit societies through charitable actions.

13           (b) The insurance commissioner shall contract the services  
14 of an independent certified public accountant or accounting firm  
15 for the purposes of conducting the audit.

16           (c) The insurance commissioner shall provide the chairs of  
17 the house and senate committees on health with copies of the



1 audit upon the completion of the audit but not later than twenty  
2 days prior to the convening of the regular session of 2010.

3 SECTION 2. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2007-2008 for the  
6 insurance commissioner to facilitate a comprehensive audit of  
7 Hawaii's domestic mutual benefit societies.

8 The sum appropriated shall be expended by the department of  
9 commerce and consumer affairs for the purposes of this Act.

10 SECTION 3. This Act shall take effect on July 1, 2007.



**Report Title:**

Health; Mutual Benefit Society Audit

**Description:**

Requires the Insurance Commissioner facilitate an audit of each domestic mutual benefit society to report the financial condition and the results of operations of the mutual benefit society and value of the services provided to the people of the State of Hawaii compared to that of the mutual benefit society's tax exemption. (HB877 HD1)

