STAND. COM. REP. NO. 2687

Honolulu, Hawaii FEB 2 9 2008

RE: S.B. No. 3011 S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

## Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3011, 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 increase the effectiveness of the use of the compliance resolution fund.

Specifically, this measure allows the Insurance Division of the Department of Commerce and Consumer Affairs to include a three-month reserve in the calculation of compliance resolution fund assessments to ensure continued operations of the Insurance Division at the end of the fiscal year.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure. The Hawaii Insurers Council and Property Casualty Insurers Association of America submitted testimony in opposition to this measure. The American Council of Life Insurers and State Farm submitted comments.

The current formula to calculate the assessment amount to be paid by all lines or types of insurance regulated under state insurance law requires the Insurance Commissioner to assess insurers based on the cash balance at the end of the prior fiscal year, anticipated revenues for the current fiscal year, and the proposed fiscal year budget. The Insurance Commissioner is prohibited under current state law from making any assessment until the closing of the prior fiscal year, which delays the

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receipt of the cash necessary to fund the Insurance Division's operations.

This measure amends the current formula for assessments to include a three-month reserve in the calculation of the assessment amount. Your Committee finds that this measure will help ensure the continued operation of the Insurance Division during the first three months of each new fiscal year.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3011, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

ROSALYN H. BAKER, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:			Date: 2/22/08	
The committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		_			
TSUTSUI, Shan S. (VC)					
CHUN OAKLAND, Suzanne		,,,,,			
ENGLISH, J. Kalani					
FUKUNAGA, Carol		1			
HOOSER, Gary L.					1
INOUYE, Lorraine R.					
KIM, Donna Mercado					
MENOR, Ron	11:50.40.50:::				
TOKUDA, Jill N.			Programme and the		
HEMMINGS, Fred		THE RESERVE OF THE PERSON NAMED IN COLUMN 1999 AND THE PERSON NAME			
WHALEN, Paul					
TOTAL		/1	O	0	/
Recommendation:  Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes