

STAND. COM. REP. NO. **955**

Honolulu, Hawaii

MAR 25 2009

RE: H.B. No. 262
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which
was referred H.B. No. 262, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FRAUD,"

begs leave to report as follows:

The purpose of this measure is to change the name of the
Insurance Fraud Investigations Unit to the Insurance Fraud
Investigations Branch and to expand its authority to include
jurisdiction over all lines of insurance except workers'
compensation.

Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs, the American
Council of Life Insurance, the National Association of Insurance
and Financial Advisors, Hawaii Association of Health Plans, State
Farm Insurance, and Hawaii Medical Service Association. Testimony
with comments was received from the Department of the Attorney
General and Hawaii Association for Justice. Written testimony
presented to the Committee may be reviewed on the Legislature's
website.

Your Committee finds that under current law, the Insurance
Fraud Investigations Unit is empowered to investigate and
prosecute only motor vehicle insurance fraud. Your Committee
finds that at the time the Insurance Fraud Investigations Unit was
created, it was the intent to expand the Unit's jurisdiction to
include all lines of insurance at a later date. Your Committee



notes that the Insurance Commissioner has testified that the Fraud Investigations Unit is not currently seeking additional funding or staff to implement this measure. Your Committee further finds that insurance fraud is a serious problem that increases costs of insurance premiums for consumers and that this measure is an effective means of combating insurance fraud.

Your Committee has amended this measure by:

- (1) Adding a provision that revises the penal code to clarify that criminal fines and forfeitures for insurance fraud shall be deposited to the Compliance Resolution Fund;
- (2) Clarifying the mandatory reporting requirements for licensees to facilitate communication with the Insurance Fraud Investigations Branch;
- (3) Making it effective upon approval; and
- (4) Making nonsubstantive technical changes for the purposes of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 262, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 262, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.

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


ROSALYN H. BAKER, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 262 HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN, J40</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/19/2009</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred				✓
TOTAL	5			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; text-align: center;">David Y. Ige</div>				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

***Only one measure per Record of Votes**