STAND. COM. REP. NO. 530

Honolulu, Hawaii

Feb 18 , 2011

RE: H.B. No. 1045

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1045 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to apply consistent regulatory treatment to health maintenance organizations, mutual benefit societies, fraternal benefit societies, managed care plans, and similar risk-bearing entities by adopting the National Association of Insurance Commissioners Risk-Based Capital for Health Organizations Model Act. Among other things, this measure:

- Adds the definitions of "benefit society", "health (1) maintenance organization", and "domestic insurer" to the Hawaii Insurance Code;
- (2) Codifies parameters by which a benefit society or health maintenance organization's risk-based capital shall be determined:
- (3) Establishes under what circumstances a property and casualty insurer, a benefit society, or health maintenance organization is required to file a riskbased capital report;
- With respect to a benefit society or health maintenance organization in the event of a mandatory control level

event, provides the Insurance Commissioner with the power to take any actions necessary to cause an insurer to be placed under regulatory control with respect to a benefit society or health maintenance organization;

- (5) Establishes various confidentiality and disclosure requirements for the Insurance Commissioner for certain risk-based capital reports and risk-based capital plans; and
- (6) Allows the Insurance Commissioner to provide various exemptions from risk-based capital requirements to domestic benefit societies or health maintenance organizations that meet certain criteria.

The State Insurance Commissioner and Hawaii Medical Service Association testified in support of this bill.

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 H.B. No. 1045 and recommends that it be referred to the Committee on Finance.

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

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 1045	Committee Referral:	FIN Date:	2/14/	7011
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)			,	
2. YAMANE, Ryan I. (VC)				
3. BROWER, Tom				
4. CABANILLA, Rida T.R.				
5. CARROLL, Mele				
6. ITO, Ken				
7. KEITH-AGARAN, Gilbert S.C.				
8. LUKE, Sylvia				
9. McKELVEY, Angus L.K.			.,.=	
10. MORITA, Hermina M.				
11. OSHIRO, Blake K.				
12. SOUKI, Joseph M.				
13. TSUJI, Clift				
14. CHING, Corinne W.L.				
15. MARUMOTO, Barbara C.				
16. THIELEN, Cynthia				
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TOTAL (16)	_ /2_			4
The recommendation is: Adopted If joint referral, committee acronym(s) Not Adopted did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Diplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				