

STAND. COM. REP. NO.

468

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 123
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 123 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to exempt producers of motor vehicle or homeowners insurance from general record-keeping requirements of the Insurance Code.

Your Committee received testimony in support of this measure from State Farm Insurance Companies. Your Committee received testimony in opposition to this measure from the Insurance Commissioner of the Department of Commerce and Consumer Affairs. Your Committee received comments on this measure from Hawaii Insurers Council.

Your Committee finds that policyholders of motor vehicle and homeowners insurance often need quick access to their policies when the need to file a claim arises and delays in accessing records that are maintained in out-of-state offices may unnecessarily delay the claims process. Your Committee also finds that the availability and proliferation of electronically-maintained records make the retention of paper records unnecessary. Finally, your Committee finds that exempting certain insurance producers from the requirement to keep paper records when electronic records are readily available removes an avoidable burden from insurance producers while preserving consumers' access to important policy information. Your Committee notes that the



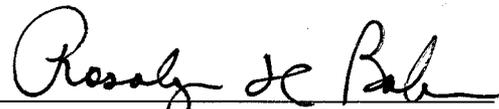
new statutory language contained in this measure is the product of cooperation among stakeholders, including the State's regulatory entity.

Your Committee has amended this measure by:

- (1) Deleting the language that would have included motor vehicle and homeowners insurance in the general recordkeeping exemption contained in the current statute;
- (2) Adding a new statutory subsection to specify that producers of motor vehicle and homeowners insurance are exempt from general statutory recordkeeping requirements if electronic records are readily available to the producer; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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 S.B. No. 123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 123, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 123	Committee Referral: CPN	Date: 2-15-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam	✓			
TOTAL	6	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> 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				

*Only one measure per Record of Votes