

STAND. COM. REP. NO.

2733

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2168
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2168, 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 direct the Insurance Commissioner to join the Surplus Lines Insurance Multi-State Compliance Compact and enact the Surplus Lines Insurance Multi-State Compliance Compact.

Your Committee received written comments in support of this measure from Property Casualty Insurers Association of America.

Your Committee finds that Congress, in the federal Nonadmitted and Reinsurance Reform Act of 2010, intended for the states to adopt uniform requirements, forms, and procedures to facilitate the reporting, payment, collection, and allocation of premium taxes for surplus lines insurance. Your Committee further finds that participation in a multi-state compact is essential for the Insurance Division to continue to collect premium taxes on multistate surplus lines policies. Your Committee notes that \$8,000,000 to \$10,000,000 is collected annually on surplus lines policies.

Your Committee additionally finds that the preferred multi-state arrangement is the Surplus Lines Insurance Multi-State Compliance Compact, or SLIMPACT, which has the support of all three national state government associations: the National

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Conference of Insurance Legislators; the Council of State Governments; and the National Conference of State Legislatures. SLIMPACT has also been endorsed by the surplus and excess lines industry and major national property-casualty and producer organizations.

Your Committee notes that when this measure is enacted, Hawaii's membership will put SLIMPACT over its ten state threshold and will allow the compact to become fully operational.

Your Committee also notes that the Nonadmitted and Reinsurance Reform Act requirements took effect on July 21, 2011. Your Committee finds that if states are unable to adopt a comprehensive solution as intended by the Act, Congress could take further action. This could result in a loss of vital premium tax revenue, further federal preemption, and possible federal oversight in the business of insurance.

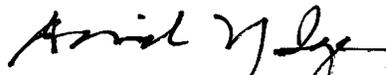
Your Committee has amended this measure by:

- (1) Changing all references from "promulgated" to "adopted" for purposes of consistency and agreement with the Model State Administrative Procedure Act of 1981 and chapter 91, Hawaii Revised Statutes;
- (2) Defining the term "stamping office" as the Insurance Division of the Department of Commerce and Consumer Affairs;
- (3) Deleting the definition of the term "home state of affiliated group" because the term is not necessary; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

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. 2168, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2168, S.D. 2.



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



DAVID V. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2168, SD1	CPN, WAM	2-23-12		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam		✓		
TOTAL	13	1	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes