STAND. COM. REP. NO. 73

Honolulu, Hawaii

February 28, 2013

RE: H.B. No. 999 H.D. 2

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 999, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to allow the State to remain a leader in the captive insurance industry by adopting the National Association of Insurance Commissioners Reinsurance Guidelines for Risk Retention Groups Licensed as Captive Insurers.

Specifically, this measure prohibits risk retention groups from receiving statement credit for policies ceded through reinsurance arrangements and specifies requirements that reinsurers must meet to qualify to take credit for reinsurance.

Artex Risk Solutions, Inc. and a concerned individual supported this measure. The Department of Commerce and Consumer Affairs supported the intent of this measure with amendments. The Hawaii Captive Insurance Council commented on this measure.

Your Committee has amended this measure by:

(1) Allowing the Insurance Commissioner to adopt the National Association of Insurance Commissioners Reinsurance Guidelines for Risk Retention Groups Licensed as Captive Insurers as rules pursuant to Chapter 91, Hawaii Revised Statutes;

- (2) Removing the requirement specifying the assessment and reporting of risk retention groups to determine compliance with this measure; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 999, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 2, and be placed on the calendar for Third Reading.

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

ANGUS L.K. McKELVEY, Chair



State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: Comm	mittee Referral:	Date:	mini	1017
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☐ 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. McKELVEY, Angus L.K. (C)				
2. KAWAKAMI, Derek S.K. (VC)				
3. BELATTI, Della Au	/			
4. BROWER, Tom				
5. CABANILLA, Rida T.R.				
6. CACHOLA, Romy M.				
7. CARROLL, Mele				/
8. EVANS, Cindy				/
9. HAR, Sharon E.				/
10. ITO, Ken	/			
11. LEE, Chris				
12. TSUJI, Clift	/			
13. YAMANE, Ryan I.	/			
14. MCDERMOTT, Bob				
15. THIELEN, Cynthia				
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TOTAL (15)	11			4
The recommendation is: Adopted Not Adopted				
If joint referral, did not support recommendation.				
committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				