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TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2014

Tuesday, February 25, 2014  
1 p.m.

**TESTIMONY ON HOUSE BILL NO. 2107, H.D. 1 – RELATING TO INSURANCE.**

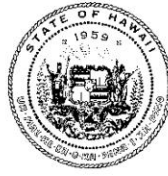
TO THE HONORABLE SYLVIA LUKE, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
("Department"). The Department supports the intent of the bill, and submits the  
following additional comments:

This bill requires the auditor to conduct a study to determine the feasibility of  
establishing a State of Hawaii captive insurance company to insure all or a portion of  
the State's property and casualty risk.

The Department appreciates that the bill has been amended to include language  
ensuring that the expert selected to conduct the study will possess considerable  
knowledge and experience in forming and developing captive programs. Especially  
considering the Auditor's estimate of \$300,000 to complete the study, we respectfully  
recommend that the final report include an objective comparison between options  
presented in a coherent format that includes their respective benefits and shortcomings,  
and the expert's findings, conclusions, and recommendation.

We thank the Committee for the opportunity to present testimony on this matter.



**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

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WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
February 25, 2014  
H.B. 2107, H.D. 1

RELATING TO INSURANCE

Chair Luke and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 2107, H.D. 1.

The Department of Accounting and General Services supports H.B. 2107, H.D. 1.

H.B. 2107, H.D. 1 is a logical and rational approach to determine if a captive insurance company is a viable and financially beneficial option to address the property and casualty insurance risks for the State of Hawaii. The study will include the purpose, objectives, and financial commitments in the formation of a captive insurance company, therefore, the process to analyze these different aspects of a captive insurance company prior to making a decision to proceed is a prudent business decision.

Thank you for the opportunity to submit written testimony on this matter.