

STAND. COM. REP. NO.

Honolulu, Hawaii February 14 , 2019

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RE: H.B. No. 984 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 984 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Enable the State to meet National Association of Insurance Commissioners ("NAIC") accreditation standards by adopting:
  - (A) The Corporate Governance Annual Disclosure Model Act; and
  - (B) The revisions to the NAIC Insurance Holding Company System Regulatory Act ("Accreditation Sections"); and
- (2) Make numerous housekeeping and other changes to the Insurance Code (chapter 431, Hawaii Revised Statutes) to improve the regulation of insurance in the State of Hawaii ("Nonaccreditation Sections").



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The Insurance Division of the Department of Commerce and Consumer Affairs, Board of Nursing, Board of Pharmacy, Hawai'i Captive Insurance Council, and American Council of Life Insurers testified in support of this measure. The American Family Life Assurance Company of Columbus, Kaiser Permanente, and Hawaii Medical Service Association submitted comments.

Your Committee finds that the State must adopt the Accreditation Sections to ensure Hawaii meets NAIC accreditation standards by January 1, 2020. Passage of this measure is just the first step toward accreditation because the Insurance Commissioner must also adopt relevant rules to meet accreditation standards.

To ensure the State meets NAIC accreditation standards in a timely manner, your Committee has amended this bill by:

(1) Removing the Nonaccreditation Sections;

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- (2) Requiring the Insurance Commissioner to adopt rules effectuating the Accreditation Sections by January 1, 2020;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

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. 984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 984, H.D. 1, and be referred to your Committee on Finance.

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

ROY M. TAKUMI, Chair



## State of Hawaii House of Representatives The THIRTIETH Legislature

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## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: HB 984	Committee Referral:		Date: 2/1/19	
□ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold   Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)				
2. ICHIYAMA, Linda (VC)				
3. AQUINO, Henry J.C.				$\checkmark$
4. BELATTI, Della Au				V
	and a second			
5. CABANILLA ARAKAWA, Rida	l Line Britan Marine Comment			✓
6. CACHOLA, Romy M.				
7 HAD Sharen E				
7. HAR, Sharon E.				
8. KONG, Sam Satoru				
9. MIZUNO, John M.	<u> Berketz, bie hijn die bieden die een</u>	<u>. I </u>		
10. ONISHI, Richard H.K.			a Albanda - Maxima Alban 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1	a an
11. MATSUMOTO, Lauren				in a chair ann an thair gun an thainn a chair an thair an
TOTAL (11)		0	$\circ$	4
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				