

STAND. COM. REP. NO.

5

Honolulu, Hawaii

, 2023

FEB 01

RE: H.B. No. 565

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 565 entitled:

"A BILL FOR AN ACT RELATING TO STATE SELF-INSURANCE AGAINST PROPERTY AND CASUALTY RISKS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the State Self-insurance Against Property and Casualty Risks Special Fund to be administered by the Comptroller to provide the State with self-insurance against the State's property and casualty risks; and
- (2) Appropriate funds.

Your Committee received comments on this measure from the Department of Accounting and General Services.

Your Committee finds that the State currently purchases third-party insurance through its risk management and insurance administration to cover the State's property and casualty risks. Your Committee also finds that the State's property and casualty insurance premium costs are significant and subject to further premium increases. This measure is intended to be a cost-saving measure for the State.

2023-1039 HB565 HD1 HSCR HMSO



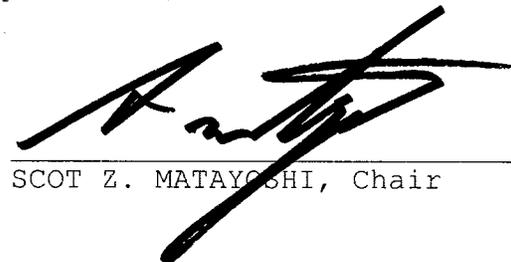
Your Committee acknowledges that the Department of Accounting and General Services testified that a formal and comprehensive study on the risks and costs involved with an immediate conversion to a fully self-insured program is underway and estimated to be completed by September 2023. Accordingly, your Committee recommends that an appropriate effective date on this measure, should your Committee on Consumer Protection & Commerce and your Committee on Finance decide to hear it, would be July 1, 2024, to allow the report to be considered by the Legislature.

Your Committee has amended this measure by:

- (1) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 565, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Government
Operations,



SCOT Z. MATAYOSHI, Chair



