

STAND. COM. REP. NO.

2830

Honolulu, Hawaii

FEB 29 2024

RE: S.B. No. 524
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 524, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BUSINESS REGULATION,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Insurance Commissioner to require the Commissioner's pre-approval for certain salary increases granted to any person receiving a salary over a certain amount from an insurer.

Your Committee received testimony in opposition to this measure from the National Association of Mutual Insurance Companies.

Your Committee received comments on this measure from the Insurance Division of the Department of Commerce and Consumer Affairs.

Your Committee finds that certain insurance companies that enjoy generous tax breaks have been compensating their top executives and board members generously, while increasing their insurance rates and cutting the jobs of many rank-and-file employees through company restructurings, resulting in questions being raised regarding corporate accountability and the erosion of public trust. Your Committee finds that by authorizing the Insurance Commissioner to approve certain insurer salary



increases, this measure will restore public trust, increase corporate accountability, and ensure that employees and policyholders are not financing the exorbitant compensation of certain insurance executives and board members.

Your Committee has amended this measure by inserting an effective date of July 1, 2040, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 524, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 524, S.D. 2, and be placed on the calendar for Third Reading.

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



JARRETT KEOHOKALOLE, Chair



