

Honolulu, Hawaii

APR 25 2014

RE: S.B. No. 2821  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2821, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Adopt revisions to the National Association of Insurance Commissioners' model laws on Credit for Reinsurance Model Act, Standard Valuation Law, Standard Nonforfeiture Law for Life Insurance, and Insurance Holding Company System Regulatory Act; and
- (2) Ensure the Insurance Division of the Department of Commerce and Consumer Affairs maintains its accreditation with the National Association of Insurance Commissioners.



Your Committee on Conference finds that the revisions to the State's Insurance Code in this measure are part of the National Association of Insurance Commissioners' Solvency Modernization Initiative, a critical self-examination to update the nation's insurance solvency regulation framework and review international developments regarding insurance supervision, banking supervision, and international accounting standards and their use in the country's insurance regulation.

Your Committee on Conference further finds that the National Association of Insurance Commissioners' financial regulation standards and accreditation program ensure that each state has adequate solvency laws and regulations to protect consumers and guarantee reserve funds. This measure protects consumers in Hawaii and ensures that the Insurance Division of the Department of Commerce and Consumer Affairs retains its accreditation with the National Association of Insurance Commissioners.

Your Committee on Conference has amended this measure by:

- (1) Adding a definition for "domestic insurance holding company system";
- (2) Deleting a definition for "domestic single-state insurer";
- (3) Clarifying that an insurer required to file financial statements of an insurance holding company system upon the request of the Insurance Commissioner may satisfy this request by providing the Commissioner with the most recently filed financial statements of the parent corporation that have been filed with the Securities and Exchange Commission;
- (4) Specifying that the ultimate controlling person of a domestic insurance holding company system, rather than a domestic single-state insurer with specified premium and surplus amounts, shall be exempt from the requirement to file an annual enterprise risk report;
- (5) Clarifying that a domestic insurer and a domestic insurance holding company system are exempt from certain standards and management requirements related to the board of directors of a domestic insurer under certain circumstances;



- (6) Permitting the Insurance Commissioner to examine any insurer registered under section 431:11-105, Hawaii Revised Statutes, as reasonably necessary to ascertain the financial condition of the insurer, subject to certain limitations;
- (7) Specifying the obligation of persons to attend as a witness pursuant to a subpoena;
- (8) Inserting an effective date of July 1, 2014; provided that part I of this measure shall take effect on January 1, 2015; provided further that part IV of this measure shall take effect on January 1, 2016; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2821, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2821, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
ANGUS L.K. MCKELVEY, Co-Chair

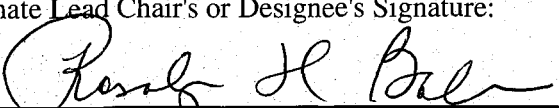
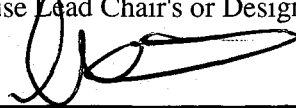
  
ROSALYN H. BAKER, Chair

  
SCOTT Y. NISHIMOTO, Co-Chair

  
WILL ESPERO, Co-Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: <b>SB 2821, SD 2, HD 1</b>					Date/Time: <b>4/25/14 5:40 pm</b>				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				MCKELVEY, Angus L.K., Co-Chr.	✓			
ESPERO, Will, Co-Chr.	✓				NISHIMOTO, Scott Y., Co-Chr.	✓			
KEITH-AGARAN, Gilbert S.C.	✓				TOKIOKA, James Kunane				✓
TANIGUCHI, Brian T.				✓	TSUJI, Clift	✓			
SLOM, Sam	✓				MCDERMOTT, Bob				✓
<b>TOTAL</b>	4	-	-	1	<b>TOTAL</b>	3	-	-	2
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
<b>Distribution:</b>		<b>Original</b>	<b>Yellow</b>	<b>Pink</b>	<b>Goldenrod</b>				
		File with Conference Committee Report	House Clerk's Office	Senate Clerk's Office	Drafting Agency				