

Honolulu, Hawaii

Feb 5, 2008

RE: H.B. No. 3101

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 3101 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to keep Hawaii, one of the world's leading captive insurance jurisdictions, competitive in the world market, by allowing Hawaii-licensed captive insurance companies to pursue the growing demand for the securitization of insurance risks.

The Department of Commerce and Consumer Affairs, Artex Risk Solutions, Inc., and Willis Management (Hawaii) testified in support of this measure.

Securitization is a financing process that allows a company to obtain current funding from illiquid assets that cannot be readily sold. Large national and international insurance companies use securitization organizations to issue securities to obtain capital for their operations and reserves. The transactions involved fall within the multi-million to billion dollar range and may be used for purposes such as transferring catastrophic risks to the securities market.


Hawaii, as the second largest captive domicile in the nation, and tenth in the world in the very competitive captive market, has developed the expertise necessary to oversee the complex



transactions involved in the securitization of insurance risks. This measure would enable Hawaii to respond to the strong demand for securitization by domestic life insurers by authorizing the formation and regulation of special purpose financial captive insurance companies.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3101 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: HB 3101	Committee Referral: EDB, CPC/JUD, FIN	Date: 1/31/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.				✓
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.	✓			
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.	✓			
TOTAL (12)	10	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>_____ committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				