

HEMIC  
HAWAII EMPLOYERS' MUTUAL INSURANCE COMPANY, INC.  
MINUTES

**Oversight Council Meeting**

Friday, October 4, 2019

9:30 A.M.

HEMIC Conference Room  
1100 Alakea Street, Suite 1400  
Honolulu, Hawaii 96813

The meeting was called to order at 9:35 a.m. by Martin Welch, CEO of HEMIC.

Members recorded as being present: Director Catherine Awakuni Colón, Kathleen Kagawa, Director Scott Murakami, Representative Roy Takumi.

In attendance representing HEMIC: Martin Welch, CEO; Jason Yoshimi, President & CFO; Todd Nacapuy, Vice President & CIO; Faye Bueno, Vice President of Administration; Sarah Guay, Vice President of Human Resources; Regina Harris, Vice President of Underwriting; Milia Leong, Vice President of Claims; Paul Naso, General Counsel.

Absent: Senator Brian Taniguchi.

**COUNCIL PURPOSE AND RULES**

The duties and purpose of the Oversight Council were reviewed. Meeting once every year, the Council's purpose is to verify that HEMIC continues to fulfill its statutory purpose. The Council reports to the Governor and Board of Directors on or before October 15<sup>th</sup> of each year, and confirms that fulfillment, or defines any deficiencies in that fulfillment, including a timeline for correction.

**APPROVAL OF MINUTES**

MOTION: Representative Roy Takumi moved and Director Catherine Awakuni Colón seconded the motion to accept the minutes of the 2018 Oversight Council meeting as submitted. The motion passed unanimously.

**ELECT COUNCIL CHAIR AND VICE CHAIR**

MOTION: Representative Roy Takumi moved and Kathleen Kagawa seconded the motion to nominate Director Catherine Awakuni Colón as Council Chair and Director Scott Murakami and Council Vice Chair. The motion passed unanimously.

**PRESENTATION OF HEMIC RESULTS AND ACTIVITIES**

The following documents were distributed to all Council members prior to today's meeting:

1. HEMIC's 2018 Annual Statement
2. HEMIC's 2018 Statement of Actuarial Opinion
3. 2017 Insurance Division Report of Examination
4. HEMIC's Quarterly Statement dated 3/31/2019

Martin Welch proceeded with the PowerPoint presentation. (Exhibit A.)

Representative Roy Takumi asked who would have been opposed to the original HEMIC legislation and what would they think of HEMIC now? Martin Welch noted that some stakeholders did not want HEMIC to be a voluntary writer of workers' compensation. Today, it would be difficult to argue that the Hawaii WC market is not more stable and competitive.

Representative Roy Takumi asked if the HEMIC model could be applied to the auto insurance industry. There was some general discussion around the issue but no conclusions drawn, something that would be beyond the purview of this committee.

Director Scott Murakami asked for additional explanation on the timing differences referenced in the PowerPoint presentation. Jason Yoshimi explained that HEMIC adjusted its accounting for premium that is collected on an installment basis. This more properly aligns the timing of premium and expenses.

Director Scott Murakami asked for clarification on the types of projects we are involved in in the IV&V (Independent Verification and Validation) area. Todd Nacapuy explained that HIMI will provide risk management consultation services to employers to validate their technology systems, intended to help small businesses stay safe and productive.

#### DISCUSSION OF LEGISLATIVE ISSUES

Representative Roy Takumi suggested that the insurance industry be more proactive regarding legislative issues that may affect the industry. Martin Welch noted that HEMIC is a member of the Hawaii Insurers Council (HIC) who is very involved in legislative issues. HEMIC has always viewed its role as promoting a fair and healthy WC system for all, not seeking competitive advantage for itself via legislation. HIC would support pro-active legislation and welcomes support for such from legislators.

#### QUESTIONS REGARDING AND ISSUES RELATED TO HEMIC'S PURPOSE

There were no questions relating to HEMIC's purpose.

**MOTION:** Representative Roy Takumi moved and Director Scott Murakami seconded the motion to report to Governor David Ige that HEMIC is fulfilling its purpose. The motion was passed unanimously.

#### ADJOURNMENT:

There being no further business to discuss, the 2019 HEMIC Oversight Council meeting was adjourned at 10:54 a.m.

Submitted by,

Faye Bueno  
Vice President of Administration  
HEMIC