

Honolulu, Hawaii

March 2, 2006

RE: H.B. No. 2434

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred H.B. No. 2434 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this bill is to protect purchasers of annuity
contracts by requiring insurers to:

- (1) Provide an annuity contract applicant with a buyer's
guide and disclosure document at the time of
application;
- (2) Give purchasers a 15-day period to return the annuity
contract without penalty, if a buyer's guide and
disclosure document are not provided at or before the
time of application; and
- (3) Provide purchasers with an annual report of the status
of the annuity contract during the payout period of
annuities with changes in non-guaranteed elements, and
during the accumulation period of a deferred annuity.

The Department of Commerce and Consumer Affairs, American
Council of Life Insurers, State Farm Insurance Companies, and
Association of Insurance and Financial Advisors supported this
bill.



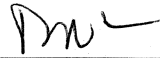
Annuities are financial retirement vehicles combining lifetime income payments and tax deferred savings. The product is more complex and confusing than most insurance products and is frequently sold to the elderly. A consumer must consider whether the terms of the contract are suitable given the consumer's age, life expectancy, retirement lifestyle, and other factors. Your Committees find that this bill will give consumers the information necessary to determine whether a product will meet their needs.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2434 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



SYLVIA LUKE, Chair



ROBERT N. HERKES, Chair



