

Honolulu, Hawaii

MAR 31 2006

RE: H.B. No. 2434
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,
to which was referred H.B. No. 2434 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that purchasers of
annuities understand certain basic features of annuities.

Testimony in support of the measure was submitted by the
Insurance Commissioner, Department of Commerce and Consumer
Affairs; the American Council of Life Insurers; the National
Association of Insurance and Financial Advisors; and State Farm
Insurance Companies.

Your Committee finds that this measure adopts the Annuity
Disclosure Model Regulation drafted by the National Association of
Insurance Commissioners and adopted by eight other states in its
current form, and by ten other states in various forms. The law
applies only to fixed and not variable annuities, and requires
that information about guaranteed and non-guaranteed elements of
the annuity contract be given to consumers in a "disclosure
document" along with a "buyers guide" at or before the time of
application.

Upon further consideration, your Committee has amended this
measure by:



- (1) Changing the title of §431:10D-C to refer to the disclosure document and buyer's guide as proposed by the Insurance Commissioner;
- (2) Amending paragraph (a) of §431:10D-C to more closely conform to the model regulation as proposed by the American Council of Life Insurers and as recommended by the Insurance Commissioner; and
- (3) Changing the effective date from "upon approval" to "January 1, 2007," as proposed by the American Council of Life Insurers, to afford insurance companies time to conform to the new requirements.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2434, S.D. 1, and be placed on the calendar for Third Reading.

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



RON MENOR, Chair



