

STAND. COM. REP. NO.

281

Honolulu, Hawaii

Feb 9, 2007

RE: H.B. No. 1324  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir:

Your Committee on Public Safety & Military Affairs, to which  
was referred H.B. No. 1324 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to make several changes to the  
insurance code to conform the insurance code to recommendations of  
the National Association of Insurance Commissioners concerning  
federal law, long-term care, and information sharing.

Specifically, the measure requires, in part, that the  
Insurance Commissioner adopt rules to implement model standards  
being adopted by the National Association of Insurance  
Commissioners to implement the directives of the federal Military  
Services Personnel Financial Services Protection Act.

Testimony in support of this administration measure was  
received from the Insurance Commissioner. Testimony in opposition  
to the purpose section of the bill was received from the Hawaii  
Insurers Council and USAA.

Your Committee finds that the federal Military Personnel  
Financial Services Protection Act, signed into law in 2006,  
establishes a September 29, 2007, deadline for states to develop  
standards to protect members of the armed forces to whom life  
insurance products are marketed from unfair and deceptive  
insurance sales practices. To assist the states in meeting the

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deadline, the National Association of Insurance Commissioners is in the process of developing model standards for the states to adopt. Your Committee also finds that the Insurance Commissioner believes that an amendment to the insurance code is necessary to expressly authorize the Insurance Commissioner to adopt rules regarding such insurance sales to military personnel.

Your Committee has amended this measure by:

- (1) Redrafting the language in section 2 concerning the Insurance Commissioner's rulemaking authority regarding sales of insurance to military personnel to clarify the scope of such authority by underscoring that the rules shall be adopted to implement the federal Military Financial Services Protection Act and to protect military personnel to whom life insurance products are marketed from dishonest and predatory insurance sales practices;
- (2) Making conforming changes to section 1 concerning the bill's purpose;
- (3) Adding a new section to the bill directing the revisor of statutes to substitute appropriate section numbers for the letters used in designating the new sections in this Act; and
- (4) Making technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1324, H.D. 1, and be referred to the Committees on Health and Human Services & Housing.



Respectfully submitted on  
behalf of the members of the  
Committee on Public Safety &  
Military Affairs,

*Cindy Evans*

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CINDY EVANS, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

HSP-281

**Record of Votes of the Committee on Public Safety & Military Affairs**

<b>Bill/Resolution No.:</b> HB 1324		<b>Date:</b> Thursday, February 8 <sup>th</sup> , 2007		
<b>Committee Referral:</b> PSM, HLT/HSH, CPC		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
PSM Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)	✓			
2. HAR, Sharon E. (VC)	✓			
3. LEE, Marilyn B.	✓			
4. LUKE, Sylvia				✓
5. McKELVEY, Angus L.K.	✓			
6. NAKASONE, Bob	✓			
7. NISHIMOTO, Scott Y.	✓			
8. SONSON, Alex M.	✓			
9. SOUKI, Joseph M.				✓
10. TAKAMINE, Dwight Y.	✓			
11. TAKUMI, Roy M.				✓
12. FINNEGAN, Lynn				✓
13. PINE, Kymberly Marcos	✓			
<b>TOTAL</b>	9	-	-	4
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
<b>Vice Chair's or designee's signature:</b> 				
<b>Distribution:</b> Original (White) – Committee Duplicate (Yellow) – Clerk's Office				