

Honolulu, Hawaii
Feb 4, 2008

RE: H.B. No. 2255
H.D. 1

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

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 2255 entitled:

"A BILL FOR AN ACT RELATING TO LIFE INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to update Hawaii's life insurance laws by implementing provisions adopted by the National Association of Insurance Commissioners (NAIC) relating to employee group life insurance policies, group life insurance coverage for spouses and dependents of insured persons, and the replacement of life insurance policies and annuities. Specifically, this bill, among other things:

(1) Eliminates:

- (A) The requirement that a group life insurance policy funded partially by the insured employees have a participation of at least 75 percent of the eligible employees;
- (B) The requirement that employee group life insurance policies cover at least ten employees at the time of issue;



- (C) The provision precluding individual selection by the employees, employer, or trustees of amounts of insurance under an employee group insurance policy; and
- (D) Restrictions, based on the status of dependents, on the ability of insured employees to have their spouses and dependents covered under a group life insurance policy in amounts equivalent to the amount of coverage for the employee;

and

- (2) Excludes the exercise of a term conversion privilege among corporate affiliates from the laws governing the replacement of life insurance policies and annuities.

The American Council of Life Insurers and National Association of Insurance and Financial Advisors-Hawaii testified in support of this bill. State Farm Insurance Companies supported this measure with amendments. The Department of Commerce and Consumer Affairs offered comments.

Your Committee finds that this bill conforms Hawaii law with current provisions adopted by the NAIC and removes certain outdated restrictions on the purchase of group life insurance policies, which may provide consumers with more options to obtain life insurance.

Your Committee has amended this bill by providing that the premiums for employee group life insurance policies may be paid:

- (1) Entirely by the employer;
- (2) Entirely by the insured employees; or
- (3) By a combination of both employer and employee contributions.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and



purpose of H.B. No. 2255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2255, H.D. 1, and be referred to the Committee on Labor & Public Employment.

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



ROBERT N. HERKES, Chair



