

Honolulu, Hawaii

March 20, 2008

RE: S.B. No. 3020

S.D. 1

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 Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 3020, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ACTIVITIES REGULATED BY THE
INSURANCE COMMISSIONER,"

beg leave to report as follows:

The purpose of this bill is to improve the regulation of
activities under the jurisdiction of the Insurance Commissioner
by, among other things:

- (1) Providing for the automatic inactivation of the license or registration of a surplus line broker, reinsurance intermediary, managing general agent, vehicle protection product warrantor (Warrantor), or service contract provider (Provider) for failing to make timely payments of license or registration fees;
- (2) Amending the continuing education requirements for insurance producers to, among other things, include ethics training;
- (3) Requiring Warrantor and Provider registration records to be updated annually or within 30 days of any change, whichever is sooner; and



- (4) Providing Warrantors and Providers greater flexibility in selecting a qualified insurer to provide its reimbursement insurance policies or contractual liability insurance policies, respectively.

The National Association of Insurance and Financial Advisors-Hawaii testified in support of this bill. The American Council of Life Insurers supported the intent of this measure. The Hawaii Independent Insurance Agents supported this bill with amendments.

Your Committees have amended this bill by replacing its substance with the provisions of H.B. No. 3098, H.D. 1. As amended, this bill differs from the draft received by your Committee by:

- (1) Changing the continuing education requirements for insurance producers to the following:
 - (A) For a license to sell single lines of insurance, 20 total credit hours, including 17 credit hours relating to the line of insurance and three credit hours relating either to ethics training or to insurance laws and rules; and
 - (B) For a license to sell multiple line of insurance, 24 total credit hours, including four combined credit hours relating to either ethics training or insurance laws and rules and the remaining combined credit hours relating to the lines of insurance;
- (2) Requiring Warrantor and Provider registration records to be updated annually or within 60 days of any change, whichever is sooner;
- (3) Providing that Warrantors and Providers who fail to make timely payment of registration fees face a penalty of 25 percent of unpaid fees, to be paid within 60 days from the date of automatic inactivation of the registration; and
- (4) Making technical, nonsubstantive amendments for clarity and style.



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 S.B. No. 3020, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3020, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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



TOMMY WATERS, Chair



ROBERT N. HERKES, Chair



