

STAND. COM. REP. NO.

2956

Honolulu, Hawaii

MAR 3 1 2010

RE: H.B. No. 2548
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2548, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to update the regulation of prepaid legal service plans primarily by adding definitions, deleting the exemption for insurers regulated under chapters 431 and 432, Hawaii Revised Statutes, requiring the plan administrator to act as a trustee for funds collected by the plan and to maintain a trust account, and allowing the Insurance Commissioner to suspend, revoke, or fine any plan that fails to comply with the law.

Your Committee received testimony in support of the intent of this measure with amendments from the State Insurance Commissioner on behalf of the Department of Commerce and Consumer Affairs. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure is intended to address an increasing number of consumer complaints concerning prepaid legal service plans by modernizing Hawaii Revised Statutes chapter 488 regarding prepaid legal service plans.

Your Committee further finds that this measure will provide the Department of Commerce and Consumer Affairs with more

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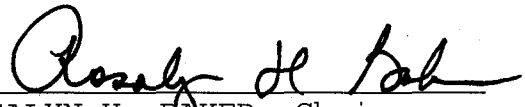
comprehensive oversight and the ability to take action to order the prepaid legal service plan to cease and desist, to refer the case to the Attorney General's or Prosecutor's Office, or to require that the plan make restitution to consumers if appropriate.

Your Committee has amended this measure by:

- (1) Adding restitution to the penalties which may be imposed by the Insurance Commissioner for violation of chapters 431, 432, 480, 481A, 481B, 481C, and 488, Hawaii Revised Statutes;
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2548, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2548, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



