



GOV. MSG. NO. **1211**

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 14, 2011

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

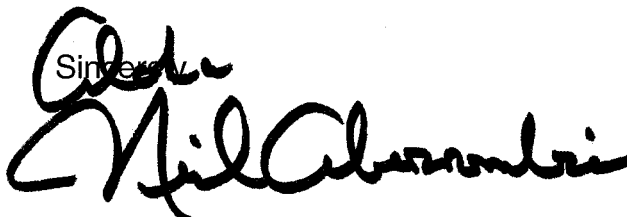
The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on June 14, 2011, the following bill was signed into law:

SB1278 SD1 HD2 CD1

RELATING TO INSURANCE
Act 108 (11)

Signed


NEIL ABERCROMBIE
Governor, State of Hawaii

JUN 14 2011

THE SENATE
TWENTY-SIXTH LEGISLATURE, 2011
STATE OF HAWAII

ACT 108
S.B. NO. 1278
S.D. 1
H.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to protect
2 consumers, particularly seniors, from abusive financial services
3 practices by adopting model regulations of the National
4 Association of Insurance Commissioners in compliance with the
5 senior investor protections contained in Section 989A of the
6 federal Dodd-Frank Wall Street Reform and Consumer Protection
7 Act of 2010. In 2007, the legislature passed Act 257, Session
8 Laws of Hawaii 2007, which established standards and procedures
9 for insurers and insurance producers to make recommendations to
10 consumers regarding the purchase or exchange of annuities. Part
11 I of this Act adopts the updated version of the National
12 Association of Insurance Commissioners Suitability in Annuity
13 Transactions Model Regulation dated March 28, 2010. Part II of
14 this Act adopts the National Association of Insurance
15 Commissioners Model Regulation on the Use of Senior-Specific
16 Certifications and Professional Designations in the Sale of Life
17 Insurance and Annuities to protect seniors against producers who



1 misrepresent their level of expertise and credentials in the
2 marketing and sales of life insurance and annuity products.

3 PART I

4 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
5 amended by adding a new section to part VII of article 10D to be
6 appropriately designated and to read as follows:

7 "§431:10D-A Insurance producer training. (a) An
8 insurance producer shall not solicit the sale of an annuity
9 product unless the insurance producer has adequate knowledge of
10 the product to recommend the annuity and the insurance producer
11 is in compliance with the insurer's standards for product
12 training. An insurance producer may rely on insurer-provided
13 product-specific training and materials to comply with this
14 subsection.

15 (b) Any insurance producer who is authorized to sell life
16 or accident and health or sickness insurance and who engages in
17 the sale of annuity products shall complete by January 31, 2012,
18 a one-time training course on annuity products that is approved
19 by the commissioner and is conducted by an approved continuing
20 education course provider. An insurance producer who obtains a
21 life insurance line of authority after January 31, 2012, shall



1 not engage in the sale of annuities until the insurance provider
2 has completed training that meets the following requirements:

3 (1) The minimum length of the training shall be sufficient
4 to qualify for at least four continuing education
5 credits;

6 (2) The training shall include information on the
7 following topics:

8 (A) The types and various classifications of
9 annuities available on the market;

10 (B) Identification of the parties to an annuity;

11 (C) How fixed, variable, and indexed annuity contract
12 provisions affect consumers;

13 (D) The application of income taxation to qualified
14 and non-qualified annuities;

15 (E) The primary uses of annuities; and

16 (F) Appropriate sales practices, replacement, and
17 disclosure requirements;

18 and

19 (3) The training shall not include any marketing
20 information for products of any particular insurer or
21 training on sales techniques.



1 (c) An insurer shall verify that an insurance producer has
2 completed the annuity training course required by this section
3 before allowing the producer to sell an annuity product for the
4 insurer. An insurer may satisfy its responsibility under this
5 subsection by obtaining certificates of completion from the
6 training course provider, or by obtaining reports from the
7 commissioner, from training course providers, or from a
8 reasonably reliable commercial database vendor that has a
9 reporting arrangement with approved insurance continuing
10 education providers."

11 SECTION 3. Section 431:10D-621, Hawaii Revised Statutes,
12 is amended to read as follows:

13 "[~~+~~]**\$431:10D-621**[~~+~~] **Scope.** (a) This part applies to any
14 recommendation to purchase [~~ex~~], exchange, or replace an annuity
15 made to a consumer by an insurance producer, or an insurer where
16 no producer is involved, that results in the purchase [~~ex~~],
17 exchange, or replacement recommended.

18 (b) This part does not apply to [~~recommendations~~]
19 transactions involving:

20 (1) Direct-response solicitations where there is no
21 recommendation based on information collected from the
22 consumer pursuant to this part; or



- 1 (2) Contracts used to fund:
- 2 (A) An employee pension or welfare benefit plan that
- 3 is covered by the Employee Retirement and Income
- 4 Security Act;
- 5 (B) A plan described by sections 401(a), 401(k),
- 6 403(b), 408(k), or 408(p) of the Internal Revenue
- 7 Code of 1986, as amended, if established or
- 8 maintained by an employer;
- 9 (C) A [~~government~~] governmental plan or church plan
- 10 defined in section 414 of the Internal Revenue
- 11 Code of 1986, as amended, a government or church
- 12 welfare benefit plan, or a deferred compensation
- 13 plan of a state or local government or tax exempt
- 14 organization [~~under~~] subject to section 457 of
- 15 the Internal Revenue Code of 1986, as amended;
- 16 (D) A non-qualified deferred compensation arrangement
- 17 established or maintained by an employer or plan
- 18 sponsor;
- 19 (E) Settlements of or assumptions of liabilities
- 20 associated with personal injury litigation or any
- 21 dispute or claim resolution process; or
- 22 (F) Formal prepaid funeral contracts.



1 [+] (c) [+] Nothing in this [+]part[+] shall be construed to
2 affect in any manner any provision of chapter 485A."

3 SECTION 4. Section 431:10D-622, Hawaii Revised Statutes,
4 is amended as follows:

5 1. By adding two new definitions to be appropriately
6 inserted and to read:

7 "Replacement" means a transaction for the purchase of a
8 new policy or contract that the proposing producer, or the
9 proposing insurer if there is no producer, knows or has reason
10 to know will cause an existing policy or contract to be:

11 (1) Terminated, lapsed, forfeited, or surrendered,
12 partially surrendered, or assigned to the replacing
13 insurer;

14 (2) Converted to reduced paid-up insurance, continued as
15 extended term insurance, or otherwise reduced in value
16 by the use of nonforfeiture benefits or other policy
17 values;

18 (3) Amended to effect a reduction in either benefits or
19 the term for which coverage would otherwise remain in
20 force or for which benefits would be paid;

21 (4) Reissued with any reduction in cash value; or

22 (5) Used in a finance purchase.



1 "Suitability information" means information about the
2 consumer that is reasonably related to the determination of the
3 appropriateness of a recommendation, including the following:

4 (1) Age;

5 (2) Annual income;

6 (3) Financial situation and needs, including the financial
7 resources used for funding the annuity at issue;

8 (4) Financial experience;

9 (5) Financial objectives;

10 (6) Intended use of the annuity;

11 (7) Financial time horizon;

12 (8) Existing assets, including investment and life
13 insurance holdings;

14 (9) Liquidity needs;

15 (10) Liquid net worth;

16 (11) Risk tolerance; and

17 (12) Tax status."

18 2. By amending the definitions of "annuity" and
19 "recommendation" to read as follows:

20 "Annuity" means [a fixed or variable] an annuity that is
21 an insurance product under state law that is individually



1 solicited, whether the product is classified as an individual or
2 group annuity.

3 "Recommendation" means advice provided by an insurance
4 producer, or an insurer where no producer is involved, to an
5 individual consumer that results in a purchase [~~or~~], exchange,
6 or replacement of an annuity in accordance with that advice."

7 SECTION 5. Section 431:10D-623, Hawaii Revised Statutes,
8 is amended to read as follows:

9 "[+]§431:10D-623[+] **Duties of insurers and insurance**
10 **producers.** (a) In recommending to a consumer the purchase of
11 an annuity or the exchange of an annuity that results in another
12 insurance transaction or series of insurance transactions, the
13 insurance producer, or the insurer where no producer is
14 involved, shall have reasonable grounds for believing that the
15 recommendation is suitable for the consumer [~~on the basis of~~]
16 based on the facts, including the consumer's suitability
17 information, disclosed by the consumer about the consumer's
18 investments, other insurance products, financial situation, and
19 needs[~~-~~] and that:

20 (1) The consumer has been reasonably informed of the
21 various features of the annuity, including the
22 potential surrender period and surrender charge;



1 potential tax penalty if the consumer sells,
2 exchanges, surrenders or annuitizes the annuity;
3 mortality and expense fees; investment advisory fees;
4 potential charges for and features of riders;
5 limitations on interest returns; insurance and
6 investment components; and market risk;

7 (2) The consumer would benefit from certain features of
8 the annuity, including tax-deferred growth,
9 annuitization, or death or living benefit;

10 (3) The particular annuity as a whole, the underlying
11 subaccounts to which funds are allocated at the time
12 of the purchase or exchange of the annuity, and riders
13 and similar product enhancements, if any, are suitable
14 and, in the case of an exchange or replacement, the
15 transaction as a whole is suitable for the particular
16 consumer; and

17 (4) In the case of an exchange or replacement of an
18 annuity, the exchange or replacement is suitable for
19 the particular consumer taking into consideration
20 whether:

21 (A) The consumer will incur a surrender charge; be
22 subject to the commencement of a new surrender



1 period; lose existing benefits such as death,
2 living, or other contractual benefits; or be
3 subject to increased fees, investment advisory
4 fees, or charges for riders and similar product
5 enhancements;

6 (B) The consumer would benefit from product
7 enhancements and improvements; and

8 (C) The consumer has had another annuity exchange or
9 replacement, particularly an exchange or
10 replacement within the preceding thirty-six
11 months.

12 (b) Prior to the execution of a purchase [~~or~~], exchange,
13 or replacement of an annuity resulting from a recommendation, an
14 insurance producer, or an insurer where no producer is involved,
15 shall make reasonable efforts to obtain the consumer's
16 suitability information [~~concerning:~~

17 ~~(1) The consumer's financial status;~~

18 ~~(2) The consumer's tax status;~~

19 ~~(3) The consumer's investment objectives; and~~

20 ~~(4) Such other information used or considered to be~~

21 ~~reasonable by the insurance producer, or the insurer~~



1 ~~where no producer is involved, in making~~
2 ~~recommendations to the consumer].~~

3 (c) Except as permitted under subsection (d), an insurer
4 shall not issue an annuity that has been recommended to a
5 consumer unless the insurer has a reasonable basis to believe
6 the annuity is suitable for the particular consumer based on the
7 consumer's suitability information.

8 ~~[(e)]~~ (d) (1) Except as provided under paragraph (2),
9 neither an insurance producer~~[,]~~ nor an insurer ~~[where~~
10 ~~no producer is involved,]~~ shall have any obligation to
11 a consumer related to any ~~[recommendation]~~ annuity
12 transaction if [a consumer]:

13 (A) No recommendation is made;

14 (B) A recommendation was made based on materially
15 inaccurate information provided by the consumer;

16 ~~[(A) Refuses]~~ (C) A consumer refuses to provide
17 relevant suitability information ~~[requested by~~
18 ~~the insurer or insurance producer,]~~ and the
19 annuity transaction is not recommended; or

20 ~~[(B) Decides]~~ (D) A consumer decides to enter into an
21 ~~[insurance]~~ annuity transaction that is not based



1 on a recommendation of the insurer or the
2 insurance producer [~~or~~

3 ~~(C) Fails to provide complete or accurate~~
4 ~~information.]; and~~

5 (2) An [~~insurer or insurance producer's recommendation]~~
6 insurer's issuance of an annuity subject to paragraph
7 (1) shall be reasonable under all the circumstances
8 actually known to the insurer [~~or insurance producer]~~
9 at the time [~~of the recommendation.~~] the annuity is
10 issued.

11 (e) An insurance producer or a representative of the
12 insurer, where no insurance producer is involved, shall at the
13 time of sale:

14 (1) Make a record of any recommendation subject to this
15 section;

16 (2) Obtain a signed statement from the consumer
17 documenting the customer's refusal to provide
18 suitability information, if applicable; and

19 (3) Obtain a signed statement from the consumer
20 acknowledging that an annuity transaction is not
21 recommended if a consumer decides to enter into an



1 annuity transaction that is not based on the insurance
2 producer's or insurer's recommendation.

3 ~~[(d)]~~ (f) An insurer shall ~~[either ensure that a system to~~
4 ~~supervise recommendations]~~ establish and maintain a supervision
5 system that is reasonably designed to achieve the insurer's and
6 its insurance producers' compliance with this part ~~[is~~
7 ~~established and maintained by complying with subsections (f),~~
8 ~~(g), and (h), or establish and maintain such a system, which~~
9 ~~shall include but not be limited to:~~

- 10 ~~(1) Maintaining written procedures; and~~
11 ~~(2) Conducting a periodic review of the insurer's records~~
12 ~~that is reasonably designed to assist in detecting and~~
13 ~~preventing violations of this part.~~

14 ~~(c) A managing general agent and independent agency shall~~
15 ~~adopt a system established by an insurer to supervise~~
16 ~~recommendations of its insurance producers that is reasonably~~
17 ~~designed to achieve compliance with this part, or establish and~~
18 ~~maintain such a system, which shall include but not be limited~~
19 ~~to:~~

- 20 ~~(1) Maintaining written procedures; and~~



1 ~~(2) Conducting a periodic review of records that is~~
2 ~~reasonably designed to assist in detecting and~~
3 ~~preventing violations of this part.~~

4 ~~(f) An insurer may contract with a third party, including~~
5 ~~a managing general agent or independent agency, to comply with~~
6 ~~the requirement of subsection (d) to establish and maintain a~~
7 ~~system of supervision of insurance producers under contract with~~
8 ~~or employed by the third party.~~

9 ~~(g) An insurer shall make reasonable inquiry to ensure~~
10 ~~that the third party contracting under subsection (f) is~~
11 ~~performing the functions required under subsection (d) and shall~~
12 ~~take such action as is reasonable under the circumstances to~~
13 ~~enforce the contractual obligation to perform the functions. An~~
14 ~~insurer may comply with its obligation to make reasonable~~
15 ~~inquiry by:~~

16 ~~(1) Annually obtaining a certification from a third party~~
17 ~~senior manager who has responsibility for the~~
18 ~~delegated functions that the manager has a reasonable~~
19 ~~basis to represent, and does represent, that the third~~
20 ~~party is performing the required functions; provided~~
21 ~~that no person may provide a certification unless:~~



- 1 ~~(A) The person is a senior manager with~~
2 ~~responsibility for the delegated functions; and~~
- 3 ~~(B) The person has a reasonable basis for making the~~
4 ~~certification; and~~
- 5 ~~(2) Based on reasonable selection criteria, periodically~~
6 ~~reviewing the performance of selected third parties~~
7 ~~contracting under subsection (f) to determine whether~~
8 ~~the third parties are performing the required~~
9 ~~functions. The insurer shall perform those procedures~~
10 ~~to conduct the review that are reasonable under the~~
11 ~~circumstances.~~
- 12 ~~(h) An insurer that contracts with a third party pursuant~~
13 ~~to subsection (f) and that complies with the requirements to~~
14 ~~supervise in subsection (g) shall have fulfilled its~~
15 ~~responsibilities under subsection (d).], including:~~
- 16 (1) Reasonable procedures to inform the insurer's
17 insurance producers of the requirements of this part,
18 including incorporating the requirements of this part
19 into relevant insurance producer training manuals;
- 20 (2) Standards for insurance producer product training,
21 including reasonable procedures to require its
22 insurance producers to comply with section 431:10D-A;



- 1 (3) Product-specific training and training materials that
2 explain all material features of its annuity products
3 to its insurance producers;

- 4 (4) Procedures for review of each recommendation prior to
5 the issuance of an annuity to ensure that there is a
6 reasonable basis to determine the suitability of a
7 recommendation that may include additional review of
8 selected transactions through electronic, physical, or
9 other means; provided that the insurer may specify
10 criteria for selection of transactions for additional
11 review;

- 12 (5) Reasonable procedures to detect recommendations that
13 are not suitable, including confirmation of consumer
14 suitability information, systematic consumer surveys,
15 interviews, confirmation letters, and programs of
16 internal monitoring; provided that nothing in this
17 paragraph shall prevent an insurer applying sampling
18 procedures or confirming suitability information after
19 issuance or delivery of the annuity;

- 20 (6) Annual review and testing of the supervision system
21 which shall be documented in a report to the insurer's
22 senior management, including the senior manager



1 responsible for audit functions, to determine the
2 effectiveness of the supervision system, the
3 exceptions found, and corrective action taken or
4 recommended, if any;

5 (7) Procedures for monitoring contracts and, as
6 appropriate, conducting audits to assure that any
7 contracted functions are properly performed; and

8 (8) Annual certification based on reasonable facts from a
9 senior manager who has responsibility for contracted
10 functions that the contracted functions are properly
11 performed.

12 (g) An insurer may contract for performance of any
13 functions, including maintenance of procedures, required by
14 subsection (f) (1) to (6); provided that an insurer shall be
15 responsible for taking any appropriate corrective action and may
16 be subject to sanctions and penalties pursuant to section
17 431:10D-624 regardless of whether the insurer contracts for
18 performance of a function and regardless of the insurer's
19 compliance with subsection (f).

20 ~~[(i)]~~ (h) An insurer ~~[, managing general agent, or~~
21 ~~independent agency]~~ is not required ~~[by subsections (d) and (e)]~~
22 ~~to:~~



1 ~~(1) Review, or provide for review of, all insurance~~
2 ~~producer solicited transactions; or~~
3 ~~(2) Include] to include in its system of supervision an~~
4 ~~insurance producer's recommendations to consumers of~~
5 ~~products other than the annuities offered by the~~
6 ~~insurer [, managing general agent, or independent~~
7 ~~agency].~~

8 ~~[(j) A managing general agent or independent agency who~~
9 ~~contracts with an insurer under subsection (f) shall promptly,~~
10 ~~when requested by the insurer under subsection (g), give a~~
11 ~~certification as described in subsection (g) or give a clear~~
12 ~~statement that it is unable to satisfy the certification~~
13 ~~criteria.]~~

14 (i) An insurance producer shall not dissuade, or attempt
15 to dissuade, a consumer from:

16 (1) Truthfully responding to an insurer's request for
17 confirmation of suitability information;

18 (2) Filing a complaint; or

19 (3) Cooperating with the investigation of a complaint.

20 ~~[(k)] (j) [Compliance with the National Association of~~
21 ~~Securities Dealers Conduct Rules] Sales made in compliance with~~
22 ~~requirements of the Financial Industry Regulatory Authority or~~



1 its successor agency pertaining to suitability and supervision
2 of annuity transactions shall satisfy the requirements [under]
3 of this section [~~for recommending variable annuities.~~]; provided
4 that an insurer that issues an annuity subject to this part
5 shall:

- 6 (1) Monitor the sales by entities registered as broker-
7 dealers with the Financial Industry Regulatory
8 Authority of annuities issued by the insurer using
9 information collected in the normal course of an
10 insurer's business; and
- 11 (2) Provide the entity subject to paragraph (1) with any
12 information and reports that are reasonably necessary
13 to assist the entity in maintaining the supervision
14 system required by the Financial Industry Regulatory
15 Authority.

16 This subsection shall apply to sales of variable annuities and
17 fixed annuities where suitability and supervision requirements
18 are similar to those applied to variable annuity sales. Nothing
19 in this subsection shall limit the insurance commissioner's
20 ability to enforce this part."

21 SECTION 6. Section 431:10D-624, Hawaii Revised Statutes,
22 is amended to read as follows:



1 " [+]§431:10D-624 [-] ~~Mitigation of responsibility.~~]

2 Compliance mitigation; penalties. (a) [The] An insurer shall
3 be responsible for compliance with this part. If a violation
4 occurs because of the action or inaction of the insurer or its
5 insurance producer, the commissioner may order:

6 (1) An insurer to take reasonably appropriate corrective
7 action for any consumer harmed by the insurer's [-] or
8 [by] its insurance producer's [-] violation of this
9 part;

10 (2) [~~An~~] A business entity, general agency, independent
11 agency, or the insurance producer to take reasonably
12 appropriate corrective action for any consumer harmed
13 by the insurance producer's violation of this part;
14 and

15 (3) [~~A general agency or independent agency that employs~~
16 ~~or contracts with an insurance producer to sell or~~
17 ~~solicit the sale of annuities to consumers, to take~~
18 ~~reasonably appropriate corrective action for any~~
19 ~~consumer harmed by the insurance producer's violation~~
20 ~~of this part.] Appropriate penalties and sanctions.~~

21 (b) Any penalty applicable to an insurer, a managing
22 general agent, independent agencies, or a producer under article



1 13 of chapter 431 [~~for~~] may be applicable to a violation [of
2 section 431:10D-623(a), (b), and (c)] of this part; provided
3 that penalties may be reduced or eliminated if corrective action
4 for the consumer was taken promptly after a violation was
5 discovered[-] or if the violation was not part of a pattern or
6 practice."

7 **PART II**

8 SECTION 7. Chapter 431, Hawaii Revised Statutes, is
9 amended by adding a new part to article 10D to be appropriately
10 designated and to read as follows:

11 **"PART . USE OF SENIOR-SPECIFIC DESIGNATIONS AND**
12 **PROFESSIONAL DESIGNATIONS**

13 **§431:10D-B Purpose.** The purpose of this part is to
14 protect consumers from misleading and fraudulent marketing
15 practices with respect to the use of senior-specific
16 certifications and professional designations in the solicitation
17 of, sale of, or purchase of, or advice given in connection with
18 a life insurance or annuity product.

19 **§431:10D-C Prohibited uses of senior-specific**
20 **certifications and professional designations.** (a) It is an
21 unfair and deceptive act or practice in the business of
22 insurance within the meaning of article 13 for an insurance



1 producer to use a senior-specific certification or professional
2 designation that indicates or implies in such a way as to
3 mislead a purchaser or prospective purchaser that the insurance
4 producer has a special certification or training in advising or
5 servicing seniors in connection with the solicitation, sale, or
6 purchase of a life insurance or annuity product or in providing
7 advice as to the value of or the advisability of purchasing or
8 selling a life insurance or annuity product either directly or
9 indirectly through publications or writings or by issuing or
10 promulgating analyses or reports related to a life insurance or
11 annuity product.

12 (b) The prohibited use of senior-specific certifications
13 or professional designations includes the following:

14 (1) Use of a certification or professional designation by
15 an insurance producer who has not actually earned or
16 is otherwise ineligible to use the certification or
17 designation;

18 (2) Use of a non-existent, false, or self-conferred
19 certification or professional designation;

20 (3) Use of a certification or professional designation
21 that indicates or implies a level of occupational
22 qualifications obtained through education, training,



1 or experience that the insurance producer using the
2 certification or designation does not have; and
3 (4) Use of a certification or professional designation
4 that was obtained from a certifying or designating
5 organization that:
6 (A) Is primarily engaged in the business of
7 instruction in sales or marketing;
8 (B) Does not have reasonable standards or procedures
9 for assuring the competency of its certificants
10 or designees;
11 (C) Does not have reasonable standards or procedures
12 for monitoring and penalizing its certificants or
13 designees for improper or unethical conduct; or
14 (D) Does not have reasonable continuing education
15 requirements for its certificants or designees to
16 maintain the certificate or designation.
17 (c) There is a rebuttable presumption that a certifying or
18 designating organization is not disqualified for purposes of
19 subsection (b) when the certification or designation issued from
20 the organization does not primarily apply to sales or marketing
21 and when the organization or the certification or designation in
22 question has been accredited by:



- 1 (1) The American National Standards Institute;
- 2 (2) The National Commission for Certifying Agencies; or
- 3 (3) Any organization that is on the United States
- 4 Department of Education's list entitled "Accrediting
- 5 Agencies Recognized for Title IV Purposes".

6 (d) In determining whether a combination of words or an
7 acronym standing for a combination of words constitutes a
8 certification or professional designation indicating or implying
9 that a person has special certification or training in advising
10 or servicing seniors, factors to be considered shall include:

- 11 (1) Use of one or more words such as "senior",
12 "retirement", "elder", or like words combined with one
13 or more words such as "certified", "registered",
14 "chartered", "adviser", "specialist", "consultant",
15 "planner", or like words, in the name of the
16 certification or professional designation; and
- 17 (2) The manner in which those words are combined.

18 (e) For purposes of this section, a job title within an
19 organization that is licensed or registered by a state or
20 federal financial services regulatory agency is not a
21 certification or professional designation unless it is used in a



1 manner that would confuse or mislead a reasonable consumer when
2 the job title:

- 3 (1) Indicates seniority or standing within the
- 4 organization; or
- 5 (2) Specifies an individual's area of specialization
- 6 within the organization."

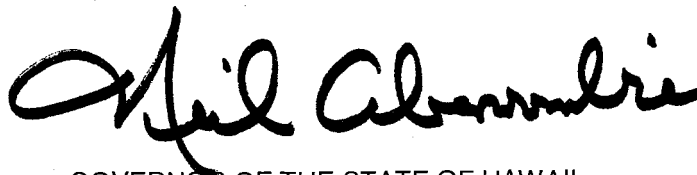
7 **PART III**

8 SECTION 8. In codifying the new sections added by sections
9 2 and 7 of this Act, the revisor of statutes shall substitute
10 appropriate section numbers for the letters used in designating
11 the new sections in this Act.

12 SECTION 9. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 10. This Act shall take effect on July 1, 2011;
15 provided that sections 2 through 6 of this Act shall take effect
16 on January 1, 2012.

APPROVED this 14 day of JUN, 2011



GOVERNOR OF THE STATE OF HAWAII