

STAND. COM. REP. NO.

497

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 1278
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1278 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to protect insurance consumers, particularly seniors, from abusive practices by adopting model regulations from the National Association of Insurance Commissioners in compliance with the senior investment protection provisions of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Your Committee received testimony in support of this measure from the Insurance Commissioner of the Department of Commerce and Consumer Affairs, and the National Association of Insurance and Financial Advisors Hawaii. Your Committee received testimony in support of the intent of this measure from the American Council of Life Insurers.

Your Committee finds that adoption of this measure will bring Hawaii's laws into conformity with the requirements of federal law, thereby enabling the Insurance Division of the Department of Commerce and Consumer Affairs to apply for federal grants to fund activities that protect seniors from misleading or fraudulent marketing in the sale of financial products. Your Committee further finds that there is a real and present need for the protections included in this measure, since the Insurance Division reports the continuing receipt of complaints from consumers,



particularly seniors, about abusive or misleading practices in the sale and marketing of annuities. Finally, your Committee finds that this measure allocates the bulk of the training and compliance responsibilities to insurers, thereby preserving the Insurance Division's current regulatory and oversight functions without requiring new expenditures of State resources.

Your Committee has amended this measure by:

- (1) Amending the definition of "annuity" to conform with the language of the National Association of Insurance Commissioners model act;
- (2) Deferring the implementation date of new requirements for insurers contained in this measure to January 1, 2012, to allow insurers adequate time to comply with this measure; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 1278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1278, S.D. 1, and be placed on the calendar for Third Reading.

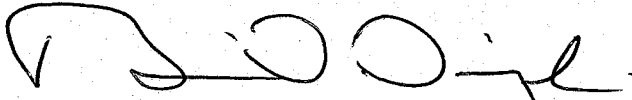
Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,


ROSALYN H. BAKER, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1278	CPN	2/24/2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes