

SB 1277

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| Measure Title: | RELATING TO CONSUMER PROTECTION. |
| Report Title: | Legal Service Plans |
| Description: | Updates regulation of legal service plans. |
| Companion: | HB1050 |
| Package: | Gov |
| Current Referral: | CPN/JDL, WAM |



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GOVERNOR

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COMMERCE AND CONSUMER PROTECTION AND
JUDICIARY AND LABOR

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Tuesday, February 8, 2011
9:15 a.m.

**TESTIMONY ON SENATE BILL NO. 1277 – RELATING TO CONSUMER
PROTECTION.**

TO THE HONORABLE ROSALYN H. BAKER AND CLAYTON HEE, CHAIRS, AND
MEMBERS OF THE JOINT COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”). Thank you for hearing this bill. The Department strongly supports this
Administration bill.

The purpose of this bill is to enhance regulation of legal service plans. Legal
service plans have a low rate of compliance with Hawaii law.

The Commissioner continues to receive complaints from consumers about
prepaid legal service plans. Prepaid legal service plans are currently regulated by
chapter 488. The law was amended in 2010 by Act 47, Session Laws of Hawaii 2010.
Further clarification of that chapter will enhance the commissioner's ability to regulate
these plans and to enforce these laws.

Currently, there is no fee charged for the licensing or renewal of prepaid legal service plans. Since there is no renewal process, a plan operator does not inform the commissioner when it has ceased operations. Adding a fee will encourage operators of legal service plans to notify the commissioner of their continued existence and provide certainty as to which plans are legitimately operating in the State.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.