

The Honorable Rosalyn H. Baker, Chair
Committee on Commerce and Consumer Protection
Hawaii State Senate
Room 230, State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

Via E-mail: CPNTestimony@Capitol.hawaii.gov

RE: SB 1278 Relating to Insurance; Hearing date and time: February 24, 2011, 8:30 a.m.

Dear Senator Baker:

Thank you for this opportunity to comment on the above-styled Senate Bill concerning annuity suitability and producer training requirements. Primerica supports the rule, but we have a suggestion concerning the verification of producer training. We also seek clarification on the effective date of compliance for existing licensees.

Section 2(c) of the proposed legislation provides, as does the NAIC model, that insurers must verify that a producer has completed the requisite training on annuities, and lists several methods by which the verification may be accomplished. While we have no objection to the verification requirement per se, we would strongly urge the Department to ensure that accurate information be made available at no cost online to enable the insurers to fulfill the requirement.

We understand that the Hawaii Insurance Division currently posts limited information on an individual insurance producer's continuing education status, but the information is only available for a short period of time, and will not be sufficient to enable us to fulfill the verification requirement. Our only alternative would be to require each producer to supply us with a certificate of completion. This is a cumbersome and onerous requirement for producers, and adds an unnecessary step to their education requirement. It can be predicted with relative certainty that some producers will fail to supply the certificate or, in some cases, fail to receive the certificate from the provider. Requiring them to supply proof of course completion will, in such cases, result in unnecessary delays in getting them approved.

Several other states, including California and Texas currently maintain an online database that provides free updated course completion information which companies can reference in order to comply with the verification requirement. In other states we are able to obtain the information free of charge through course providers. We would urge the Hawaii Insurance Division to expand the information that is currently available free online to enable insurers to fulfill the verification requirement of the new legislation.

Our second concern is that existing licensees should be given adequate time to fulfill the one-time course requirement. The bill currently provides, in Section 2(b), that an already-licensed producer must complete the requirement by January 31, 2012. The NAIC Model Act allows an existing producer a six-month period from the effective date of the legislation to complete the



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training. It may be that the proposed bill will have an effective date that will allow at least six months of lead time, but if not, we would urge the Committee to make provisions to ensure it.

We appreciate the opportunity to comment on the proposed rule and believe that our suggestions to make more complete course completion information available and to clarify the lead time provision would facilitate industry compliance and assure the important goal of uniformity. Thank you for your consideration.

Yours very truly,

Terrie Mote
Executive Vice President/ Licensing
Primerica