

Honolulu, Hawaii

March 20 , 2012

RE: S.B. No. 3062  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3062, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to enact the Life Settlements Model Act, which establishes consumer protections in life settlement transactions in which the owner of a life insurance policy transfers the death benefit in return for compensation that is more than its cash surrender value but less than its expected death benefit.

The American Council of Life Insurers, National Association of Insurance and Financial Advisors - Hawaii, and Prudential Financial supported this bill. The Department of Commerce and Consumer Affairs supported the intent of this measure. The Office of Information Practices submitted comments.

After careful consideration, your Committee has amended this bill by:

- (1) Modifying the definition of "life insurance producer";
- (2) Modifying the licensing requirements for life settlements providers or brokers to specify that licenses are issued in accordance with article 9A of



Chapter 431, Hawaii Revised Statutes (HRS), upon payment of fees in the amounts required under section 431:7-101, HRS;

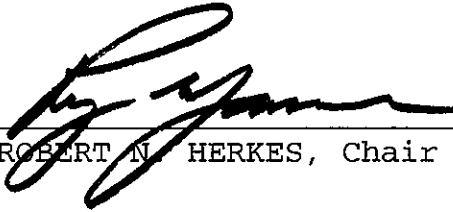
- (3) Specifying that a business entity licensed to provide or broker life settlements must designate a duly licensed individual to be responsible for the actions of the entity and its agents;
- (4) Specifying that the Insurance Commissioner may issue provider or broker licenses as long as certain conditions are met;
- (5) Requiring each licensed nonresident broker or provider to appoint the Insurance Commissioner as its agent to receive service of legal process issued against the broker or provider in Hawaii upon causes of action arising within Hawaii;
- (6) Specifying that an individual licensed as a broker or provider or authorized to act on behalf of a licensee must complete biennially 15 hours of training related to life settlements and life settlement transactions, as required by the Insurance Commissioner;
- (7) Increasing the fees collected by the Insurance Commissioner to:
  - (A) \$1,200 per year for all services, including extension of the license, for a regularly licensed life settlement provider; and
  - (B) \$1,200 per year for all services, including extension of the license, for a regularly licensed life settlement broker; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3062, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 3062, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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



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ROBERT N. HERKES, Chair



