

Honolulu, Hawaii

February 13, 2018

RE: H.B. No. 2206
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2206 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to provide an insurer with an exception to the annual privacy notice requirement if the insurer provides nonpublic personal financial information to nonaffiliated third parties under certain conditions and the insurer's policies and practices regarding disclosure of such information are unchanged.

The Hawaii Medical Service Association and American Insurance Association testified in support of this measure. The Insurance Division of the Department of Commerce and Consumer Affairs testified in opposition.

Your Committee has amended this measure by:

- (1) Requiring a privacy notice to be provided semiannually instead of annually; and
- (2) Removing the exception from providing the privacy notice.



Your Committee notes that a proper balance must be achieved between the disclosure of privacy policies and practices and reducing unnecessary administrative costs. After discussing this measure with various stakeholders, your Committee determined that modifying the time period for providing privacy notices may be a more appropriate solution. However, your Committee acknowledges that this measure needs continued discussion and consideration. Thus, should your Committee on Finance consider this measure, your Committee requests that it give consideration to the appropriateness of the time period for providing privacy notices.

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 H.B. No. 2206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2206, H.D. 1, and be referred to your Committee on Finance.

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



ROY M. TAKUMI, Chair



