

Honolulu, Hawaii

FEB 09 2018

RE: S.B. No. 2493
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2493 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to delay the
implementation of the producer licensing requirements amended by
Act 152, Session Laws of Hawaii 2017, until July 1, 2021.

Your Committee received testimony in support of this measure
from the Hawaii Insurers Council and National Association of
Insurance and Financial Advisors - Hawaii. Your Committee
received comments on this measure from the Department of Commerce
and Consumer Affairs.

Your Committee finds that, among other things, Act 152,
Session Laws of Hawaii 2017 (Act 152), conforms the State's
producer licensing requirements to the National Association of
Insurance Commissioners' Producer Licensing Model Act by
eliminating producer-to-producer appointments. Although Hawaii is
the only state in the country with producer-to-producer
appointments, the repeal of this appointment process is a major
change in the way insurance agents, also known as producers, are
and have been contracted, as it means that every producer contract
must be re-executed between a producer and an insurance company.
According to testimony received by your Committee, for most active



producers, this may not present an issue, but for producers who are not active, insurance companies will have to pursue them to execute a new contract. This measure delays the implementation requirements for producer licensing required by Act 152, which will provide insurance companies with ample time to initiate the new producer appointments. However, your Committee notes that during discussions before your Committee, interested industry stakeholders indicated a revised effective date for these requirements was acceptable.

Accordingly, your Committee has amended this measure by:

- (1) Delaying the implementation of the producer licensing requirements until January 1, 2020, rather than July 1, 2021; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2493, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2493, S.D. 1, and be referred to your Committee on Ways and Means.

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




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2493	CPH, WAM	2/6/18		
<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)	✓			
TOKUDA, Jill N. (VC)				✓
CHANG, Stanley	✓			
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
NISHIHARA, Clarence K.				✓
RUDERMAN, Russell E.	✓			
TOTAL	5			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