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TO THE HOUSE COMMITTEE ON
FINANCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Friday, February 16, 2018
4:00 p.m.

TESTIMONY ON HOUSE BILL NO. 1624, H.D.1, RELATING TO INSURANCE.

TO THE HONORABLE SYLVIA LUKE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 1624, H.D. 1, Relating to Insurance. My name is Gordon Ito, and I am the Insurance Commissioner for the Department’s Insurance Division. The Department provides the following comments.

The purpose of this bill is to delay implementation of sections 7, 8, and 9 of Act 152, Session Laws of Hawaii 2017. The Department is not opposed to extending the effective date to eliminate producer-to-producer appointments to January 1, 2020. We note that the bill has a defective effective date in Section 3.

Thank you for the opportunity to testify on this measure.

TESTIMONY OF ALISON UEOKA

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

Friday, February 16, 2018
4:00 p.m.

HB 1624, HD1

Chair Luke, Vice Chair Cullen, and members of the Committee on Finance, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill. Extending the date to repeal the producer to producer law allows HIC members adequate time to develop and execute new contracts between producers and insurers. This is a sea-change from what has traditionally been done in Hawaii and we appreciate the additional time allowed to ensure all contracts are executed properly. We look forward to continuing to work with the Insurance Division on a smooth transition.

Thank you for the opportunity to testify.



House Committee on Finance

Date: February 16, 2018 Time: 4:00 pm

RE: HB 1624, HD1 – Relating to Insurance

Chair Luke, Vice Chair Cullen, and Members of the Committee, the National Association of Insurance and Financial Advisors (NAIFA) Hawaii represents life insurance producers/agents across Hawaii who primarily market life insurance, annuities, long term care insurance and disability income insurance products.

We **support** HB 1624, HD1, that will postpone the effective date from July 1, 2017 to January 1, 2020 for Sections 7, 8, and 9 provisions in Act 152, SLH 2017. Act 152 conforms to the National Association of Insurance Commissioners (NAIC) model act for insurance producer licensing requirements.

Act 152 will only allow for “insurer to producer” appointments and eliminate the “producer to producer” appointments. “Producer” under current definition can be an individual or an insurance agency/company. Under the current scheme any insurance agency as a producer can appoint individuals. With this proposed legislation only insurers will appoint individual producers. Hawaii is the anomaly in the country for allowing the “producer to producer” appointments.

HB 1624, HD1 will provide ample time for both industry and Hawaii’s Insurance Division to initiate the new producer appointments by the insurers. According to the 2017 Insurance Commissioner’s Report, as of June 30, 2017, there were 7,000 licensed resident producers. We do not know how many will have to be re-appointed by the respective insurers.

Mahalo for allowing us to share our views and for your favorable consideration.

Cynthia Takenaka, Executive Director
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