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TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Thursday, February 1, 2018
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 2206, RELATING TO INSURANCE.

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 2206, Relating to Insurance. My name is Gordon Ito, and I am the Insurance Commissioner for the Department’s Insurance Division. The Department opposes this bill, which is a companion to S.B. 2643.

The purpose of this bill is to create an exemption to insurers’ annual reporting requirements to their customers.

Current law requires an insurer to annually send notices regarding its privacy policies and practices to its customers. This bill removes this annual requirement if, since its last sent notice to customers, an insurer has provided nonpublic personal information to a nonaffiliated third party and the insurer has not changed its policies and practices regarding its ability to disclose the nonpublic information. If this change becomes law, an insurer may never have to send to customers notices regarding its policies and practices disseminating customers’ nonpublic personal information to

nonaffiliated third parties while continuously engaging in the release of this nonpublic personal information.

Thank you for the opportunity to testify on this measure.

Testimony of
American Insurance Association
on
H.B. 2206
Relating to Insurance
Committee on Consumer Protection & Commerce
Thursday, February 1, 2018, 2:00 p.m.
Room 329

The American Insurance Association (AIA) strongly supports H.B. No. 2206, which proposes to change the annual privacy notice language in the Insurance Code.

Section 431:3A-101, Hawaii Revised Statutes, requires insurers to send annual privacy notices to all individuals covered by a group policy. As a result, insurers are spending an extraordinarily great amount of time sending notices to individuals covered by a group policy. As an example, one large member company sent 16% of all of its notices to individuals in Hawaii.

H.B. No. 2206 would reduce the number of notices by requiring insurers to provide the yearly privacy notices to the group policyholder rather than all individuals covered by the group policy. This conforms to federal law and to the model act of the National Association of Insurance Commissioners, which was adopted by Hawaii and 23 other states. This section, however, was added to the model act subsequent to Hawaii adopting the language of the model act.

For these reasons, we strongly support H.B. No. 2206, and urge its passage.

Mahalo for the opportunity to offer these comments.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2018

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 2206 – Relating to Insurance

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of HB 2206, which provides an insurer with an exception to the requirement of providing all of its customers with annual privacy notices where 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 current law requires insurers to send annual updates about our privacy policy to members under certain circumstances. SB2206 would extend the exceptions under the current law to the Initial Notice and Opt Out requirements to the Annual Notice requirement. We see this as a way to streamline the current law and help plans contain associated administrative costs; we therefore have no objections to this measure.

Thank you for allowing us to testify in support of HB 2206.

Sincerely,

Jennifer Diesman
Senior Vice President, Government Relations