

STAND. COM. REP. NO.

844

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 826

.S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 826 entitled:

"A BILL FOR AN ACT RELATING TO PRIVACY NOTICE FOR INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to provide insurers
with an exemption from the requirement of providing all of its
customers with annual privacy notices, under certain
circumstances.

Your Committee received testimony in support of this measure
from the American Council of Life Insurers, American Property
Casualty Insurance Association, Kaiser Permanente Hawaii, and
Hawaii Medical Service Association. Your Committee received
comments on this measure from the Department of Commerce and
Consumer Affairs and State Farm Mutual Automobile Insurance
Company.

Your Committee finds that existing law requires an insurer to
send annual privacy notice updates to all of its customers in
accordance with the federal Gramm-Leach-Bliley Act (GLBA). In
2015, President Obama signed the Fixing America's Surface
Transportation Act (FAST Act), which included amendments to the
privacy provisions of the GLBA and eliminated the costly and time
consuming requirement of redundant annual privacy notices under
certain conditions. So far, at least thirty-two states have



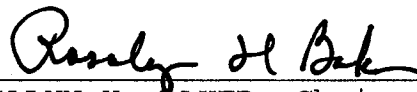
adopted provisions of the FAST Act to allow insurers relief from the annual privacy notice requirement. This measure would enact provisions of the FAST Act to remove the annual requirement if an insurer meets certain conditions. However, your Committee does acknowledge the testimony received from the Department of Commerce and Consumer Affairs, indicating that there may be certain situations where an insurer, after an initial notice, may never have to send its customers a subsequent privacy notice.

Your Committee has amended this measure by:

- (1) Specifying that insurers are allowed to provide a privacy statement to customers at least once every three years rather than annually, under certain circumstances;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments 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. 826, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 826, S.D. 1, and be placed on the calendar for Third Reading.

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




ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 826	CPH	2/26/19		
<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)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOLE, Jarrett	✓			
NISHIHARA, Clarence K.				✓
RUDERMAN, Russell E.				✓
THIELEN, Laura H.	✓			
FEVELLA, Kurt	✓			
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top: 10px;">  </div>				
Distribution: <div style="display: flex; justify-content: space-around; font-size: small;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

*Only one measure per Record of Votes