

STAND. COM. REP. NO. 3516

Honolulu, Hawaii

**MAR 29 2022**

RE: H.B. No. 2111  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2111, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the limited lines producer licenses to include all aspects of travel insurance;
- (2) Remove references to outdated and obsolete limited lines product offerings;
- (3) Exclude dental insurers and dental service corporations as third-party administrators;
- (4) Increase the surety bond requirement and require renewal certificates and audited financial statements in the annual reports of third-party administrators; and
- (5) Adopt the National Association of Insurance Commissioners' revised Suitability in Annuity Transactions Model Regulation provisions.



Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; National Association of Insurance and Financial Advisors; American Council of Life Insurers; American Insurance Group, Inc.; and Hawaii Independent Insurance Agents Association. Your Committee received comments on this measure from Hawaii-Western Management Group.

Your Committee finds that existing state laws concerning limited lines producer licenses do not cover general travel insurance products, such as trip interruption or cancelation, damages to accommodations or rental vehicles, emergency evacuations, or repatriation of remains, which can create potential confusion for consumers. This measure covers the gaps in limited lines product offerings and removes existing products that are outdated and obsolete.

Your Committee further finds that the National Association of Insurance Commissioners recently adopted a revised model regulation that more clearly defines a producer's responsibility to act in the best interest of the consumer when making a recommendation of an annuity and requires insurers to establish and maintain a system to supervise recommendations. This measure adopts these provisions to ensure that the insurance needs and financial objectives of consumers are effectively considered and to provide additional consumer protections.

Your Committee has amended this measure by:

- (1) Requiring certain third-party administrator licensees to maintain a surety bond of at least \$100,000 for subsequent annual report filings;
- (2) Clarifying that a producer who is authorized to sell annuity products on or before December 31, 2022, shall complete by July 1, 2023, a one-time training course on annuity products meeting certain requirements, including a new four-credit training course approved by the Insurance Commissioner after December 31, 2022;
- (3) Clarifying that a producer who obtains certain annuity products lines of authority after December 31, 2022, shall not engage in the sale of annuities until the

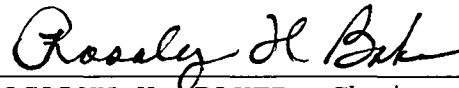


producer has completed training meeting certain requirements;

- (4) Amending section 1 to clarify its intended purpose;
- (5) Inserting an effective date of July 1, 2022; and
- (6) 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 and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2111, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2111, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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




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ROSALYN H. BAKER, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:			
HB 2111 HD1	CPN	03-18-22			
<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)	✓				
DECOITE, Lynn	✓				
NISHIHARA, Clarence K.				✓	
RIVIERE, Gil	✓				
SAN BUENAVENTURA, Joy A.	✓				
FEVELLA, Kurt	✓				
<b>TOTAL</b>	<b>6</b>			<b>1</b>	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Chair's or Designee's Signature: 					
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes