

STAND. COM. REP. NO. 2749

Honolulu, Hawaii

**MAR 03 2022**

RE: S.B. No. 3079  
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 S.B. No. 3079 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to amend various portions of title 24 of the Hawaii Revised Statutes to update and improve existing provisions.

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

Your Committee finds that, under existing law, the limited lines producer license does not cover general travel insurance products, such as trip interruption or cancellation, damages to accommodations or rental vehicles, emergency evacuations, or repatriation of remains. There are also certain products covered in the insurance code that are outdated and obsolete. This measure will cover gaps in limited lines product offerings and remove existing products that are outdated.

Your Committee further finds that this measure excludes dental insurers and dental service corporations from third party administrator regulation to address a drafting oversight from the



previous legislative session and will promote financial stability of these entities and increase consumer protection.

Lastly, your Committee finds that, in 2020, the National Association of Insurance Commissioners adopted a revised Suitability in Annuity Transactions Model Regulation that requires insurance producers making annuity recommendations to act in the best interest of a consumer when making annuity recommendations, rather than apply the existing suitability standard. This measure adopts this model regulation to better protect consumers and ensure that their insurance and financial objectives are effectively considered and brings Hawaii into parity with nineteen other states that have also enacted this legislation.

Your Committee has amended this measure by:

- (1) Clarifying that an administrator shall maintain a surety bond of at least \$100,000 for the first two years of licensure, and at least \$300,000 from the third year of licensure;
- (2) Clarifying at the third annual report filing, and each subsequent annual report filing, the surety bond amount shall be at least \$300,000 and filed in accordance with section 431:9J-112, Hawaii Revised Statutes;
- (3) Specifying that a producer who engages in the sale of annuity products shall complete a one-time four-credit training course approved by the Insurance Commissioner and 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;
- (4) Clarifying a producer who obtains a life or variable life and variable annuity products line of authority after December 31, 2022, shall not engage in the sale of annuities until the insurance producer has completed certain training by July 1, 2023;
- (5) Inserting language granting the Insurance Commissioner the authority to enforce certain provisions of this measure until March 31, 2023, in the event the



electronic platform for online renewals do not provide sufficient time to comply with new audited financial filing requirements;

- (6) Inserting an effective date of July 1, 2022, for sections 4, 5, and 7 of this measure, and inserting an effective date of December 31, 2022, for sections 2, 3, and 6 of this measure; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency with legislative drafting conventions.

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 S.B. No. 3079, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3079, 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,

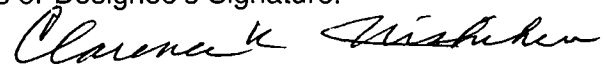


ROSALYN H. BAKER, Chair



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:		
SB 3079	CPN	02-11-2022		
<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>	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy				

\*Only one measure per Record of Votes