STAND. COM. REP. NO. 677 -06

Honolulu, Hawaii

Morch 2, 2006

RE: H.B. No. 2434

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Judiciary, to which was referred H.B. No. 2434 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this bill is to protect purchasers of annuity contracts by requiring insurers to:

- (1) Provide an annuity contract applicant with a buyer's guide and disclosure document at the time of application;
- (2) Give purchasers a 15-day period to return the annuity contract without penalty, if a buyer's guide and disclosure document are not provided at or before the time of application; and
- (3) Provide purchasers with an annual report of the status of the annuity contract during the payout period of annuities with changes in non-guaranteed elements, and during the accumulation period of a deferred annuity.

The Department of Commerce and Consumer Affairs, American Council of Life Insurers, State Farm Insurance Companies, and Association of Insurance and Financial Advisors supported this bill.

Annuities are financial retirement vehicles combining lifetime income payments and tax deferred savings. The product is more complex and confusing than most insurance products and is frequently sold to the elderly. A consumer must consider whether the terms of the contract are suitable given the consumer's age, life expectancy, retirement lifestyle, and other factors. Your Committees find that this bill will give consumers the information necessary to determine whether a product will meet their needs.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2434 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committees on Consumer Protection & Commerce and Judiciary,

SYLVIA LUKE, Chair

ROBERT N. HERKES, Chair

HS OR 677-06

State of Hawaii House of Representatives The Twenty-third Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 2434	Date:	2/2/0	6			
Committee Referral: CPC/JUD Date: 2/2/06 The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Pass, unamended	☐ Pass, with amendments					
☐ Hold	□ Recommit					
CPC Members	Ayes	Ayes (WR)	Nays	Excused		
1. HERKES, Robert N. (C)	V					
2. SCHATZ, Brian (VC)						
3. CALDWELL, Kirk	<u> </u>					
4. ITO, Ken	✓					
5. KANOHO, Ezra R.				V		
6. KARAMATSU, Jon Riki						
7. MORITA, Hermina M.	<u> </u>					
8. SONSON, Alex M.	V					
9. SOUKI, Joseph M.	<u> </u>					
10. MARUMOTO, Barbara C.	V			_		
11. STONEBRAKER, Bud						
		<u> </u>				
TOTAL	G			2		
The recommendation is:						
□ Not Adopted						
If joint referral, did not support recommendation.						
Vice Chair's or designed's signature:						
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office						



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Record of Votes of the Committee on Judiciary

Bill/Resolution No.:	Date:	Date:				
НВ 2434	2/2/06					
Committee Referral: CPC/JUD	☐ The committee is reconsidering its					
	previous decision on the measure.					
The recommendation is to: Pass, unamended	□ Pass, with amendments□ Recommit					
☐ Hold						
JUD Members	Ayes	Ayes (WR)	Nays	Excused		
1. LUKE, Sylvia (C)	1					
2. OSHIRO, Blake K. (VC)	/					
3. CALDWELL, Kirk	1					
4. KANOHO, Ezra R.				1		
5. KARAMATSU, Jon Riki						
6. MORITA, Hermina M.	/					
7. SONSON, Alex M.	-					
8. SOUKI, Joseph M.	✓					
9. MARUMOTO, Barbara C.	<i></i>					
10. THIELEN, Cynthia	<u> </u>					
TOTAL	9			1		
	nittee acronym	did not suppo	ort recommendation			
Vice Chair's or designee's signature:	\supset					
Distribution: Original (White) – Committee Du	plicate (Yellow	y) – HMSO D	Ouplicate (Pink) – C	lerk's Office		