STAND. COM. REP. NO. 3211

Honolulu, Hawaii

MAR 3 1 2006

RE: H.B. No. 2434

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing, to which was referred H.B. No. 2434 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that purchasers of annuities understand certain basic features of annuities.

Testimony in support of the measure was submitted by the Insurance Commissioner, Department of Commerce and Consumer Affairs; the American Council of Life Insurers; the National Association of Insurance and Financial Advisors; and State Farm Insurance Companies.

Your Committee finds that this measure adopts the Annuity Disclosure Model Regulation drafted by the National Association of Insurance Commissioners and adopted by eight other states in its current form, and by ten other states in various forms. The law applies only to fixed and not variable annuities, and requires that information about guaranteed and non-guaranteed elements of the annuity contract be given to consumers in a "disclosure document" along with a "buyers guide" at or before the time of application.

Upon further consideration, your Committee has amended this measure by:

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- (1) Changing the title of \$431:10D-C to refer to the disclosure document and buyer's guide as proposed by the Insurance Commissioner;
- (2) Amending paragraph (a) of \$431:10D-C to more closely conform to the model regulation as proposed by the American Council of Life Insurers and as recommended by the Insurance Commissioner; and
- (3) Changing the effective date from "upon approval" to "January 1, 2007," as proposed by the American Council of Life Insurers, to afford insurance companies time to conform to the new requirements.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2434, 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 Housing,

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

	Committee Referral: Date: 3 - 29 - 06			
The committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is to:				
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)				
BAKER, Rosalyn H. (VC)				
ESPERO, Will				
IGE, David Y.				
SAKAMOTO, Norman		Territoria, quantitati de mante e e e e e e e e e e e e e e e e e e		THE STATE OF THE S
HOGUE, Bob				
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TOTAL	4	_	_	2
Recommendation:	- 	·		
Adopted Not Adopted				
Chair's or Designee's Signature: Rossly H Palk				
Distribution:OriginalYellowPinkGoldenrodFile with Committee ReportClerk's OfficeDrafting AgencyCommittee File Copy				

^{*}Do <u>not</u> list more than one measure per Record of Votes.