STAND. COM. REP. NO. 2665

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2095 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 S.B. No. 2095 entitled:

"A BILL FOR AN ACT RELATING TO LIFE 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 National Association of Insurance and Financial Advisors and the American Council of Life Insurers. The State Insurance Commissioner opposed the measure. State Farm Insurance Companies offered comments recommending substitution of the language of H.B. No. 2434.

Your Committee finds that this measure will adopt the model Annuity Disclosure Law drafted by the National Association of Insurance Commissioners and adopted by eight other states in its current form, and by ten other states in its predecessor form. 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 the time of application.

Your Committee has amended the measure to:

- (1) Provide that failure of a producer to comply with the disclosure requirements of this measure is an unfair or deceptive act or practice in the business of insurance;
- (2) Change the effective date to January 1, 2007; and
- (3) Make a technical, nonsubstantive amendment for clarity.

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 S.B. No. 2095, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2095, 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,

RON MENOR, Chair

## 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: 2-27-06 |         |
|--|---------------------------------------|----------|---------------|---------|
| The committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:  The Recommendation is to:  |                                       |          |               |         |
|  |                                       |          |               |         |
| Members  | Ayes                                  | Ayes(WR) | Nays          | Excused |
| MENOR, Ron (C)   |                                       |          |               |         |
| BAKER, Rosalyn H. (VC)   |                                       |          |               |         |
| ESPERO, Will<br>IGE, David Y.  |                                       |          | · ·           | ·       |
| SAKAMOTO, Norman   | I I I I I I I I I I I I I I I I I I I |          |               |         |
| HOGUE, Bob   | /                                     |          |               |         |
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| TOTAL  | 6                                     |          |               | 0       |
| Recommendation:  Adopted Not Adopted   |                                       |          |               |         |
| Chair's or Designee's Signature:  Kasaly H Ral   |                                       |          |               |         |
| Distribution:         ✓ Driginal         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy |                                       |          |               |         |

<sup>\*</sup>Do not list more than one measure per Record of Votes.