STAND. COM. REP. NO. **28** (

Honolulu, Hawaii

F. Ly 9, 2007

RE: H.B. No. 1324

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Public Safety & Military Affairs, to which was referred H.B. No. 1324 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to make several changes to the insurance code to conform the insurance code to recommendations of the National Association of Insurance Commissioners concerning federal law, long-term care, and information sharing.

Specifically, the measure requires, in part, that the Insurance Commissioner adopt rules to implement model standards being adopted by the National Association of Insurance Commissioners to implement the directives of the federal Military Services Personnel Financial Services Protection Act.

Testimony in support of this administration measure was received from the Insurance Commissioner. Testimony in opposition to the purpose section of the bill was received from the Hawaii Insurers Council and USAA.

Your Committee finds that the federal Military Personnel Financial Services Protection Act, signed into law in 2006, establishes a September 29, 2007, deadline for states to develop standards to protect members of the armed forces to whom life insurance products are marketed from unfair and deceptive insurance sales practices. To assist the states in meeting the

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deadline, the National Association of Insurance Commissioners is in the process of developing model standards for the states to adopt. Your Committee also finds that the Insurance Commissioner believes that an amendment to the insurance code is necessary to expressly authorize the Insurance Commissioner to adopt rules regarding such insurance sales to military personnel.

Your Committee has amended this measure by:

- (1) Redrafting the language in section 2 concerning the Insurance Commissioner's rulemaking authority regarding sales of insurance to military personnel to clarify the scope of such authority by underscoring that the rules shall be adopted to implement the federal Military Financial Services Protection Act and to protect military personnel to whom life insurance products are marketed from dishonest and predatory insurance sales practices;
- (2) Making conforming changes to section 1 concerning the bill's purpose;
- (3) Adding a new section to the bill directing the revisor of statutes to substitute appropriate section numbers for the letters used in designating the new sections in this Act; and
- (4) Making technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1324, H.D. 1, and be referred to the Committees on Health and Human Services & Housing.

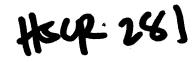
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Respectfully submitted on behalf of the members of the Committee on Public Safety & Military Affairs,

CINDY EVANS, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature



Record of Votes of the Committee on Public Safety & Military Affairs

Bill/Resolution No.: HB 1324	Date:	Date: Thursday, February 1, 2007			
Committee Referral: PSM, HLT/HSH, CPC		The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	Pass, with amendments				
☐ Hold	☐ Pa	 Pass, with amendments, for recommittal for further consideration 			
PSM Members	Ayes	Ayes (WR)	Nays	Excused	
1. EVANS, Cindy (C)					
2. HAR, Sharon E. (VC)					
3. LEE, Marilyn B.	/				
4. LUKE, Sylvia				✓	
5. McKELVEY, Angus L.K.	/				
6. NAKASONE, Bob					
7. NISHIMOTO, Scott Y.					
8. SONSON, Alex M.					
9. SOUKI, Joseph M.				/	
10. TAKAMINE, Dwight Y.	/				
11. TAKUMI, Roy M.					
12. FINNEGAN, Lynn					
13. PINE, Kymberly Marcos	V			· · · · · · · · · · · · · · · · · · ·	
TOTAL	9			4	
The recommendation is: Adopted Not Adopted If joint referral, com Vice Chair's or designee's signature:	nmittee acronym(did not suppo	ort recommendation		
Distribution: Original (White) – Committee	Duplicate (Yellov	w) – Clerk's Office			