Honolulu, Hawaii

Feby 4, 2008

RE: H.B. No. 2255 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2255 entitled:

"A BILL FOR AN ACT RELATING TO LIFE INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to update Hawaii's life insurance laws by implementing provisions adopted by the National Association of Insurance Commissioners (NAIC) relating to employee group life insurance policies, group life insurance coverage for spouses and dependents of insured persons, and the replacement of life insurance policies and annuities. Specifically, this bill, among other things:

(1) Eliminates:

- (A) The requirement that a group life insurance policy funded partially by the insured employees have a participation of at least 75 percent of the eligible employees;
- (B) The requirement that employee group life insurance policies cover at least ten employees at the time of issue;

- (C) The provision precluding individual selection by the employees, employer, or trustees of amounts of insurance under an employee group insurance policy; and
- (D) Restrictions, based on the status of dependents, on the ability of insured employees to have their spouses and dependents covered under a group life insurance policy in amounts equivalent to the amount of coverage for the employee;

and

(2) Excludes the exercise of a term conversion privilege among corporate affiliates from the laws governing the replacement of life insurance policies and annuities.

The American Council of Life Insurers and National Association of Insurance and Financial Advisors-Hawaii testified in support of this bill. State Farm Insurance Companies supported this measure with amendments. The Department of Commerce and Consumer Affairs offered comments.

Your Committee finds that this bill conforms Hawaii law with current provisions adopted by the NAIC and removes certain outdated restrictions on the purchase of group life insurance policies, which may provide consumers with more options to obtain life insurance.

Your Committee has amended this bill by providing that the premiums for employee group life insurance policies may be paid:

- (1) Entirely by the employer;
- (2) Entirely by the insured employees; or
- (3) By a combination of both employer and employee contributions.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and

HB2255 HD1 HSCR CPC HMS 2008-1543



-08

purpose of H.B. No. 2255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2255, H.D. 1, and be referred to the Committee on Labor & Public Employment.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.:			Date:	
нв 2255	CPC, LAB	0((28/08	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	X			
2. McKELVEY, Angus L.K. (VC)	À			
3. EVANS, Cindy	K			
4. GREEN, Josh, M.D.	>			
5. ITO, Ken				λ
6. LUKE, Sylvia	X			
7. MORITA, Hermina M.				χ
8. SONSON, Alex M.	λ	2		
9. SOUKI, Joseph M.		nears a secularity) ×
10. TSUJI, Clift	٧ /			
11. YAMANE, Ryan I.	\			
12. YAMASHITA, Kyle T.	, X			
13. MARUMOTO, Barbara C.				
14. THIELEN, Cynthia	*			

				······
TOTAL (14)				3
The recommendation is: Adopted Not Adopted				
If joint referral did not support recommendation.				
committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				