STAND. COM. REP. NO. 1512

Honolulu, Hawaii April 8, 2011

RE: S.B. No. 1277 S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1277, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION, "

begs leave to report as follows:

The purpose of this bill is to enhance the regulation of legal service plans by:

- Making legal service plans and their owners, operators, officers, employees, and representatives subject to investigation or examination by the Insurance Commissioner;
- (2) Requiring legal service plans to obtain a certificate of authority from the Insurance Commissioner prior to conducting business in the State;
- (3) Specifying that the bond required to be obtained by a legal service plan administrator shall run to the State for the benefit of any claimants against the legal service plan to secure faithful performance of the plan's obligations; and



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(4) Establishing an unspecified fee for a legal service plan certificate of authority and an unspecified annual fee for service.

The Department of Commerce and Consumer Affairs supported this bill. The American Council of Life Insurers opposed this measure.

Your Committee has amended this bill by:

- Changing its effective date to July 1, 2030, to facilitate continued discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1277, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1277, S.D. 2, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-sixth Legislature

H50K1512

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:	Date:	1 /	
SB 1277, SD2, HD1 CPC/JUD, FIN 4/6/11				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)				
2. LEE, Marilyn B. (VC)	V			
3. CHONG, Pono	V			
4. CHOY, Isaac W.	~			
5. CULLEN, Ty				
6. HAR, Sharon E.				
7. HASHEM, Mark J.	<u> </u>			
8. ICHIYAMA, Linda				
9. JORDAN, Jo	~			
10. KAWAKAMI, Derek S.K.				
11. LEE, Chris				
12. MORIKAWA, Dee				
13. TOKIOKA, James Kunane		·		
14. YAMASHITA, Kyle T.				
15. MARUMOTO, Barbara C.				
16. RIVIERE, Gil				
17. WARD, Gene				
:				
TOTAL (17)	17	δ	Ø	0
The recommendation is: Adopted I Not Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature: Marif_B. Lel				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				