STAND. COM. REP. NO. (624-12

Honolulu, Hawaii

April 5, 2012

RE: S.B. No. 3062

S.D. 1 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2012 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 3062, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to enact the Life Settlements Model Act, which establishes consumer protections in life settlement transactions in which the owner of a life insurance policy transfers the death benefit to another person or entity in return for compensation that is more than the policy's cash surrender value but less than its expected death benefit.

The American Council of Life Insurers testified in support of this measure. The Department of Commerce and Consumer Affairs, Office of Information Practices, and National Association of Insurance and Financial Advisors Hawaii provided comments.

Your Committee has amended this measure by:

(1) Clarifying that a person may act as a life settlement broker with an owner who is a resident of Hawaii if the person is a life insurance producer who has been duly licensed as a resident insurance producer with a life line of authority in Hawaii or the producer's home state for at least one year and is issued a broker license in Hawaii;

- (2) Clarifying that a provider license issued to a partnership, corporation, or other entity authorizes all members, officers, and designated employees to act as a licensee under the license, if those persons are named in the application and any supplements to the application;
- (3) Deleting the requirement that specified individuals complete fifteen hours of training related to life settlements and life settlement transactions on a biennial basis;
- (4) Changing the fee for all services (including extension of the license) for a regularly licensed life settlement broker to \$150 per year;
- (5) Deleting the annual fees for all services (including extension of the license) for regularly licensed life settlement contract brokers;
- (6) Changing its effective date to July 1, 2030, to facilitate further discussion; and
- (7) 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. 3062, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3062, S.D. 1, 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

House of Representatives
The Twenty-sixth Legislature

### The Twenty-sixt

## **Record of Votes of the Committee on Finance**

SB3062,SD,HD Committee	Referral:	Date:	4/2/12	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  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)	V			
2. LEE, Marilyn B. (VC)	V			
3. CHOY, Isaac W.				
4. CULLEN, Ty	<u> </u>			
5. GIUGNI, Heather				
6. HAR, Sharon E.	<u> </u>			_
7. HASHEM, Mark J.				
8. ICHIYAMA, Linda	<b>√</b> ,			
9. JORDAN, Jo	<i></i>			
10. KAWAKAMI, Derek S.K.				
11. LEE, Chris	$\sqrt{.}$			
12. MORIKAWA, Dee				
13. TOKIOKA, James Kunane	V.			
14. YAMASHITA, Kyle T.				
15. MARUMOTO, Barbara C.	V,			
16. RIVIERE, Gil	$\checkmark$			
17. WARD, Gene	V			
				-
TOTAL (17)	17	<i>O</i> .	0	0
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature: Marily B Lee				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				