

STAND. COM. REP. NO.

2443

Honolulu, Hawaii

FEB 10 2020

RE: S.B. No. 2336
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred S.B. No. 2336 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to assist Hawaii's elderly to prevent lapses or termination of their long-term care insurance policies by requiring the thirty-day lapse or termination notices for long-term care policies to be sent by certified mail or commercial delivery service, or other method of delivery requiring proof of delivery.

Your Committee received testimony in support of this measure from the Maui County Office on Aging; Alzheimer's Association, Aloha Chapter; Kokua Council; and two individuals. Your Committee received testimony in opposition to this measure from the American Council of Life Insurers. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that Hawaii has a long history of respecting and helping its kupuna. Accordingly, your Committee finds that additional protections are needed to help seniors avoid inadvertent lapses or terminations of their long-term care insurance for nonpayment of premiums. This measure amends the current law by requiring that notice of a lapse of coverage or cancellation be sent by certified mail, priority mail, or



commercial delivery service to the policyholder. Your Committee also finds that the means of delivery required by this Act will provide proof that the cancellation notice was sent and delivered.

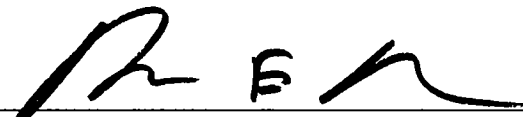
Your Committee further finds that the changes effected under this measure will have a relatively minor impact on insurers when compared with the consequences that would befall kupuna policyholders if their long-term care insurance were to lapse.

Your Committee has amended this measure by providing procedural guidelines and clarity by:

- (1) Incorporating statutory language to clarify the requirement of proof of notice by the insurer;
- (2) Adding language to require the insurer provide proof of notice by certified mail, priority mail or commercial delivery service;
- (3) Inserting language that requires the insurer to demonstrate due diligence in attempting to locate and notify a policyholder or named designee if delivery of notice is initially unsuccessful; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2336, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2336, S.D. 1, and be referred to your Committee on Commerce, Consumer Protection, and Health.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,



RUSSELL E. RUDERMAN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 2336	Committee Referral: HMS, CPH	Date: 1/27/20		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RUDERMAN, Russell E. (C)	✓			
RHOADS, Karl (VC)	✓			
IHARA, Jr., Les				✓
RIVIERE, Gil	✓			
FEVELLA, Kurt				✓
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input checked="" type="checkbox"/> Not Adopted <i>M</i>				
Chair's or Designee's Signature: <i>Karl Rhoads</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes