

Honolulu, Hawaii

Feb 29, 2008

RE: H.B. No. 2255
H.D. 2

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

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2255, H.D. 1, 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. Among other things, this bill:

(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;
- (2) Provides that the premiums for employee group life insurance policies may be paid:
- (A) Entirely by the employer;
 - (B) Entirely by the insured employees; or
 - (C) By a combination of both employer and employee contributions;
- and
- (3) Excludes the exercise of a term conversion privilege among corporate affiliates from the laws governing the replacement of life insurance policies and annuities.

The Department of Commerce and Consumer Affairs, American Council of Life Insurers, National Association of Insurance and Financial Advisors-Hawaii, and State Farm Insurance Companies testified in support of this bill.

This bill conforms Hawaii law with current provisions adopted by the NAIC and removes certain outdated restrictions on the purchase of group life insurance policies, which may provide consumers with more options to obtain life insurance. Conforming insurance laws and promoting uniformity in insurance laws also helps to ease regulatory compliance for insurers trying to conduct business in various states.

However, your Committee notes the concerns raised by the Insurance Commissioner that employees should retain the right to individually select amounts of insurance under an employee group life insurance policy. Accordingly, your Committee has amended



this measure by reinstating the provision precluding individual selection of amounts of insurance under an employee group insurance policy but making this preclusion only applicable to employers or trustees, and not employees.

Other technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2255, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2255, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 758-08

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2255, HD1	Committee Referral: CPC, LAB	Date: 02/15/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	x			
2. NAKASONE, Bob (VC)				x
3. EVANS, Cindy	x			
4. HAR, Sharon E.				x
5. LEE, Marilyn B.	x			
6. LUKE, Sylvia	x			
7. McKELVEY, Angus L.K.	x			
8. NISHIMOTO, Scott Y.				x
9. SOUKI, Joseph M.	x			
10. TAKAMINE, Dwight Y.	x			
11. TAKUMI, Roy M.				x
12. MEYER, Colleen Rose				x
13. PINE, Kymberly Marcos				x
TOTAL (13)	7	0	0	6
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				