

Honolulu, Hawaii

MAR 17 2008

RE: H.B. No. 2255
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred H.B. No. 2255, H.D. 2,
entitled:

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

begs leave to report as follows:

The purpose of this measure is to conform the Insurance Code
with model acts and regulations of the National Association of
Insurance Commissioners (NAIC) by amending existing statutes
relating to employee group life insurance policies and the
replacement of life insurance policies and annuities.

Specifically, this measure amends chapter 431, article 10D,
Hawaii Revised Statutes, by:

- (1) Allowing the premiums for an employee group life
insurance policy to be paid by the employer, entirely by
the insured employees, or partly by both the employer
and the insured employees;
- (2) Deleting the requirement that at least seventy-five per
cent of eligible employees elect participation in the
employee group insurance policy;
- (3) Allowing employee group policies to cover less than ten
employees at policy issuance by eliminating the ten
employee requirement;



- (4) Amending the provision precluding individual selection by the employees, employer, or trustees of amounts of insurance under an employee group insurance policy by deleting "employees";
- (5) Allowing dependents of the insured employee to be insured up to the amount of coverage of the insured employee under an employee group insurance policy by eliminating the express policy limits against loss due to death of a dependent (other than the spouse); and
- (6) Adding the exercise of the term conversion privilege among corporate affiliates as an exclusion from the applicability of chapter 431, article 10D, Hawaii Revised Statutes, relating to the replacement of life insurance policies and annuities.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the National Association of Insurance and Financial Advisors Hawaii, and the American Council of Life Insurers.

Your Committee finds that adopting model acts and model regulations promotes uniformity of state insurance laws and eases regulatory compliance for insurers transacting business across various states. Adopting various provisions of the NAIC's Group Life Insurance Definition and Group Life Insurance Standard Provisions Model Act by amending chapter 431, article 10D, Hawaii Revised Statutes, will update the Insurance Code and provide greater uniformity with other states' insurance laws.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting language from S.B. No. 3245, S.D. 1, which is substantively similar, except for technical differences;
- (2) Replacing the effective date of this measure from effective upon approval to July 1, 2050 to ensure further discussion on this matter by the Committee on Judiciary and Labor; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.



Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to conform the Insurance Code with model acts and regulations of the National Association of Insurance Commissioners.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2255, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2255, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,

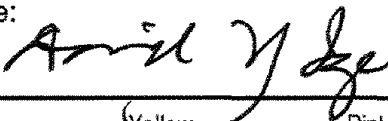


RUSSELL S. KOKUBUN, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* HB 2255 HDZ	Committee Referral: CPH, JDL	Date: 3/11/08		
<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
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon	✓			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes