

Honolulu, Hawaii

FEB 16 2012

RE: S.B. No. 2655
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Economic Development and Technology and
Commerce and Consumer Protection, to which was referred S.B.
No. 2655 entitled:

"A BILL FOR AN ACT RELATING TO PORTABLE ELECTRONICS
INSURANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to establish
provisions for the sale of portable electronics insurance and to
require vendors to hold a limited lines license to sell or offer
coverage under a policy.

Your Committees received testimony in support of this measure
from Asurion. Your Committees received comments on this measure
from the State Insurance Commissioner.

Your Committees find that this measure would present the
consumer with an alternative to the service contract provider
authorized by chapter 481X, Hawaii Revised Statutes, but would not
prevent the continued marketing of the service contract providers'
current products. Presently, service contract providers offer
similar types of indemnity protections in conjunction with the
service contracts and extended warranties.

Your Committees have considered a number of recommendations
from the State Insurance Commissioner, which will clarify this
measure while ensuring adequate consumer protection.



Your Committees have amended this measure accordingly, by:

- (1) Replacing references to the "director" with the "commissioner";
- (2) Replacing the specific provisions related to suspension or revocation of license with sanctions for violations, which clarify that the vendor of portable electronics or its employee or authorized representative is subject to sanctions pursuant to chapter 431, Hawaii Revised Statutes, for the violation of any provision of the new chapter;
- (3) Clarifying that the termination of portable electronics insurance requires the consent of the policyholder and the customer, and requiring that the policyholder and enrolled customers shall be provided at least thirty days' notice before the agreed change becomes effective;
- (4) Clarifying that initial portable electronics licenses issued shall be valid for not less than twenty-four months and renewals for twenty-four months, requiring each vendor of portable electronics to pay to the Insurance Commissioner a fee of \$2,000 for the issuance of the initial portable electronics limited lines license plus a \$1,200 per year license fee for the initial or renewal term, and authorizing a pro-rata portion of the license fee to be applied for a partial year of the initial term;
- (5) Replacing references to "agent" with "vendor"; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2655, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2655, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Technology and
Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair

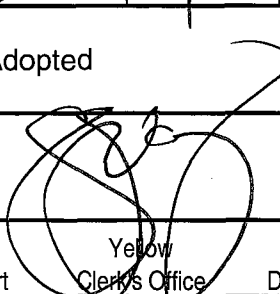


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i


Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 2655	Committee Referral: EDT / CPN, NAM	Date: 2/14/12		
<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
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama				✓
SLOM, Sam	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

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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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood				✓
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama				✓
SLOM, Sam	✓			
TOTAL	5	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

***Only one measure per Record of Votes**