

FEB 16 2012

SENATE CONCURRENT RESOLUTION

ESTABLISHING THE LONG-TERM CARE FINANCING TASK FORCE TO CONDUCT
A FEASIBILITY STUDY ON THE VIABILITY OF USING ACCELERATED
DEATH BENEFITS AND VIATICAL SETTLEMENTS AS SOURCES OF
FUNDING FOR LONG-TERM CARE NEEDS.

1 WHEREAS, the Legislature finds that although the cost of
2 long-term care services is rising, more individuals have life
3 insurance policies, which most lose when they retire, instead of
4 private long-term care insurance; and
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6 WHEREAS, long-term care insurance has been available for
7 only approximately twenty-five years, whereas life insurance has
8 been available for at least two hundred years, resulting in the
9 public being more familiar with life insurance; and
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11 WHEREAS, the Hawaii Long-Term Care Commission finds that
12 certain features of life insurance policies can assist
13 policyholders in further protecting their families by providing
14 funding for long-term care, sometimes referred to as "living
15 benefits"; and
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17 WHEREAS, states have found accelerated death benefits,
18 which are provisions in life insurance policies that allow for
19 advance payment of some or all of the death proceeds, and
20 viatical settlements, which are contractual agreements between a
21 life insurance policyholder and a third party to provide cash to
22 the policyholder at less than the full value of the policy's
23 death benefits in exchange for the ownership of the policy, as
24 possible funding sources to pay for long-term care services; and
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26 WHEREAS, it remains unclear whether or not insurance
27 companies should mandate or if it is feasible to mandate an
28 offer of accelerated death benefits to be included in all
29 standard policies; and
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1 WHEREAS, existing provisions in the Hawaii Insurance Code
2 and Hawaii Administrative Rules may impede the use of
3 accelerated death benefits for long-term care; and
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5 WHEREAS, viatical settlements are not currently regulated
6 in Hawaii, which could put policyholders at risk of being
7 victimized by unscrupulous operators unless strict oversight is
8 established; and
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10 WHEREAS, a task force chaired by the Insurance Commissioner
11 and made up of various members of the long-term care community
12 and the insurance industry will be in the best position to
13 determine if accelerated death benefits and viatical settlements
14 are beneficial to insurance policyholders, and how to regulate
15 viatical settlements; now, therefore,
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17 BE IT RESOLVED by the Senate of the Twenty-sixth
18 Legislature of the State of Hawaii, Regular Session of 2012, the
19 House of Representatives concurring, that the Insurance
20 Commissioner is requested to convene a long-term care financing
21 task force to coordinate research and recommendations on the use
22 of accelerated death benefits and viatical settlements to fund
23 long-term care; and
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25 BE IT FURTHER RESOLVED that the Insurance Commissioner
26 select six individuals from the long-term care community and
27 insurance industry to serve on the task force; and
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29 BE IT FURTHER RESOLVED that the task force add additional
30 members that the task force believes may contribute to the work
31 of the task force; and
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33 BE IT FURTHER RESOLVED that the task force, chaired by the
34 Insurance Commissioner, is directed to examine and report on the
35 following issues:
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- 37 (1) The feasibility of using accelerated death benefits
38 and viatical settlements as funding sources to pay for
39 long-term care;
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41 (2) The feasibility of mandating insurance companies to
42 include an offer of accelerated death benefits in
43 their standard policies;
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- (3) A standard to rate the option of accelerated death benefits, should they be included;
- (4) The review of the current Hawaii Insurance Code to identify and recommend ways to eliminate unnecessary barriers, if any, to implementing viatical settlements;
- (5) The feasibility of establishing a regulatory oversight system for viatical settlements; and
- (6) The establishment of a regulatory oversight system, if found feasible, including the examination process, the licensing process, and standards for the sale of viatical settlements by third parties; and

BE IT FURTHER RESOLVED that the task force is requested to submit its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2013; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Director of Health, the Insurance Commissioner, and the Hawaii Long-Term Care Commission.

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