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# SENATE CONCURRENT RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO CONDUCT A FACT-FINDING  
AND FEASIBILITY STUDY ON THE VIABILITY OF USING ACCELERATED  
DEATH BENEFITS AND VIATICAL SETTLEMENTS AS A SOURCE 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 instead of private long-term care insurance;  
4 and

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6           WHEREAS, the Hawaii Long-Term Care Commission finds that  
7 certain features of life insurance policies may assist  
8 policyholders in further protecting their families by providing  
9 funding for long-term care, sometimes referred to as "living  
10 benefits"; and

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12           WHEREAS, the Hawaii Long-Term Care Commission finds that  
13 certain features of life insurance policies can assist  
14 policyholders in further protecting their families by providing  
15 funding for long-term care, sometimes referred to as "living  
16 benefits"; and

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18           WHEREAS, accelerated death benefits, which are provisions  
19 in life insurance policies that allow for advance payment of  
20 some or all of the death proceeds, and viatical settlements,  
21 which are contractual agreements between a life insurance  
22 policyholder and a third party to provide cash to the  
23 policyholder at less than the full value of the policy's death  
24 benefits in exchange for the ownership of the policy, may be  
25 possible funding sources to pay for long-term care services;  
26 now, therefore,

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28           BE IT RESOLVED by the Senate of the Twenty-sixth  
29 Legislature of the State of Hawaii, Regular Session of 2012, the  
30 House of Representatives concurring, that the Insurance  
31 Commissioner is requested to conduct a fact-finding and



1 feasibility study that provides recommendations on the viability  
2 of using accelerated death benefits and viatical settlements as  
3 a source of funding for long-term care needs; and  
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5 BE IT FURTHER RESOLVED that the Insurance Commissioner is  
6 requested to research, examine, and report on the following:  
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- 8 (1) The feasibility of using accelerated death benefits  
9 and viatical settlements as funding sources for long-  
10 term care;  
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- 12 (2) Statistical data regarding the number of life  
13 insurance policies in Hawaii that contain accelerated  
14 death benefits provisions;  
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- 16 (3) The percentage of life insurance policies in Hawaii  
17 that are converted to life settlements contracts;  
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- 19 (4) A review of the Hawaii Insurance Code to identify and  
20 recommend ways to eliminate unnecessary barriers, if  
21 any, to implementing viatical settlements; and  
22
- 23 (5) Oversight policies and infrastructure that other  
24 states and organizations have developed and  
25 implemented to regulate and ensure legitimate viatical  
26 settlement transactions; and  
27

28 BE IT FURTHER RESOLVED that the American Council of Life  
29 Insurers, the National Association of Insurance and Financial  
30 Advisors Hawaii, and life settlements brokers selling life  
31 settlement policies in Hawaii are requested to assist the  
32 Insurance Commissioner in conducting necessary studies and  
33 completing the report; and  
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35 BE IT FURTHER RESOLVED that the Insurance Commissioner is  
36 requested to submit its findings and recommendations, including  
37 proposed legislation, if any, to the Legislature no later than  
38 twenty days prior to the convening of the Regular Session of  
39 2013; and  
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41 BE IT FURTHER RESOLVED that the Legislative Reference  
42 Bureau is requested to assist the Insurance Commissioner in  
43 preparing its report including recommendations and proposed  
44 legislation, if any; provided that the Insurance Commissioner



1 submits a draft of the report and any proposed legislation to  
2 the Legislative Reference Bureau no later than November 1, 2012;  
3 and  
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5 BE IT FURTHER RESOLVED that certified copies of this  
6 Concurrent Resolution be transmitted to the Insurance  
7 Commissioner, Director of Health, American Council of Life  
8 Insurers, National Association of Insurance and Financial  
9 Advisors Hawaii, and Hawaii Long-Term Care Commission.

