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

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22 BE IT RESOLVED by the Senate of the Twenty-sixth
23 Legislature of the State of Hawaii, Regular Session of 2012, the
24 House of Representatives concurring, that the Insurance
25 Commissioner is requested to conduct a fact-finding and
26 feasibility study that provides recommendations on the viability
27 of using accelerated death benefits and viatical settlements as
28 a source of funding for long-term care needs; and

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30 BE IT FURTHER RESOLVED that the Insurance Commissioner is
31 requested to research, examine, and report on the following:



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- 2 (1) The feasibility of using accelerated death benefits
- 3 and viatical settlements as funding sources for long-
- 4 term care;
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- 6 (2) Statistical data regarding the number of life
- 7 insurance policies in Hawaii that contain accelerated
- 8 death benefits provisions;
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- 10 (3) The percentage of life insurance policies in Hawaii
- 11 that are converted to life settlements contracts;
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- 13 (4) A review of the Hawaii Insurance Code to identify and
- 14 recommend ways to eliminate unnecessary barriers, if
- 15 any, to implementing viatical settlements; and
- 16
- 17 (5) Oversight policies and infrastructure that other
- 18 states and organizations have developed and
- 19 implemented to regulate and ensure legitimate viatical
- 20 settlement transactions; and
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22 BE IT FURTHER RESOLVED that the American Council of Life
 23 Insurers, the National Association of Insurance and Financial
 24 Advisors Hawaii, and life settlements brokers selling life
 25 settlement policies in Hawaii are requested to assist the
 26 Insurance Commissioner in conducting necessary studies and
 27 completing the report; and

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 29 BE IT FURTHER RESOLVED that the Insurance Commissioner is
 30 requested to submit findings and recommendations, including
 31 proposed legislation, if any, to the Legislature no later than
 32 twenty days prior to the convening of the Regular Session of
 33 2013; and

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 35 BE IT FURTHER RESOLVED that the Legislative Reference
 36 Bureau is requested to assist the Insurance Commissioner in
 37 preparing the report, including recommendations and proposed
 38 legislation, if any; provided that the Insurance Commissioner
 39 submits a draft of the report and any proposed legislation to
 40 the Legislative Reference Bureau no later than November 1, 2012;
 41 and

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 43 BE IT FURTHER RESOLVED that certified copies of this
 44 Concurrent Resolution be transmitted to the Insurance



- 1 Commissioner, Director of Health, Director of the Legislative
- 2 Reference Bureau, American Council of Life Insurers, and
- 3 National Association of Insurance and Financial Advisors Hawaii.

