

Honolulu, Hawaii

**March 14**, 2008

RE: S.B. No. 3021  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 3021, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO VIATICAL SETTLEMENTS,"

begs leave to report as follows:

The purpose of this measure is to prohibit any person from operating as a viatical settlement provider or viatical settlement broker without being licensed by the Insurance Commissioner.

Furthermore, among other things, this measure prohibits any person from using viatical settlement contracts and providing disclosure statements unless the contracts and statements are filed with and approved by the Insurance Commissioner. Additionally, this measure requires viatical settlement providers and viatical settlement brokers to make certain disclosures to both the life insurance policy owner who wishes to sell the policy as well as the owner's life insurer.

Your Committee received testimony in support of this measure from the Insurance Division of the Department of Commerce and Consumer Affairs, the National Association of Insurance and Financial Advisors, and the American Council of Life Insurers. Testimony in support of the intent of the measure, with reservations, was received from the Life Settlements Institute.



Your Committee finds that a viatical settlement is the sale of a life insurance policy by the policy owner for an immediate cash benefit. It is a tool that typically can provide the policy owner who sells the policy with more funds that could have been realized if the policy had been surrendered to the insurer. The transactions usually involve terminally or chronically ill individuals (the viator) who want to sell their insurance policy to a third party (the secondary market) in return for a portion of the death benefit. This measure is based upon the Viatical Settlements Model Act of the National Association of Insurance Commissioners, and will protect policy owners, particularly seniors or the terminally or chronically ill, who may be interested in selling their life insurance policies.

Your Committee has amended this measure by changing the effective date to January 1, 2050 in order to promote continued discussion of the matter.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3021, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3021, S.D. 1, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Health,

*Josh Green M.D.*

JOSHUA B. GREEN, M.D., Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

HSCR 1083-08

**Record of Votes of the Committee on Health**

<b>Bill/Resolution No.:</b> SB 3021, SD 1	<b>Committee Referral:</b> HLT, CPC/JUD, FIN	<b>Date:</b> 3-12-08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. GREEN, Josh, M.D. (C)	✓			
2. MIZUNO, John (VC)	✓			
3. AWANA, Karen Leinani				✓
4. BELATTI, Della Au				✓
5. BERTRAM, Joe, III	✓			
6. CABANILLA, Rida T.R.	✓			
7. RHOADS, Karl				✓
8. SHIMABUKURO, Maile S. L.	✓			
9. TOKIOKA, James Kunane	✓			
10. WARD, Gene, Ph.D.				✓
<b>TOTAL (10)</b>	6			4
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office				