

JAN 25 2012

A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 431:10H-104, Hawaii Revised Statutes,
2 is amended by adding a new definition to be appropriately
3 inserted and to read as follows:

4 "Accelerated death benefit" means a provision in a life
5 insurance policy that allows for payment of some or all of the
6 death proceeds while the applicant is still alive and in need of
7 care because of a serious medical condition that could result in
8 death within six to twenty-four months, permanent confinement in
9 a health care institution, or a severe chronic illness."

10 SECTION 2. Section 431:10H-114, Hawaii Revised Statutes,
11 is amended to read as follows:

12 **"§431:10H-114 Life insurance policies offering long-term**
13 **care benefits.** (a) Any life insurance policy delivered or
14 issued for delivery in this State shall include an accelerated
15 death benefits provision.

16 [~~(a)~~] (b) At the time of policy delivery, a policy summary
17 shall be delivered for an individual life insurance policy that
18 provides long-term care benefits within the policy or by rider.



1 In the case of direct response solicitations, the insurer shall
2 deliver the policy summary upon the applicant's request, but
3 regardless of the request shall make delivery no later than at
4 the time of policy delivery. In addition to complying with all
5 applicable requirements, the policy summary shall also include:

- 6 (1) An explanation of how the long-term care benefit
7 interacts with other components of the policy,
8 including deductions from death benefits;
- 9 (2) An illustration of the amount of benefits, the length
10 of benefit, and the guaranteed lifetime benefits if
11 any, for each covered person;
- 12 (3) Any exclusions, reductions, and limitations on
13 benefits of long-term care;
- 14 (4) A statement that any long-term care inflation
15 protection option required by section 431:10H-220 is
16 not available under this policy;
- 17 (5) If applicable to the policy type, the summary shall
18 also include a disclosure of the effects of exercising
19 other rights under the policy, a disclosure of
20 guarantees related to long-term care costs of
21 insurance charges, and current and projected maximum
22 lifetime benefits; and



1 (6) The provisions of the policy summary listed above may
2 be incorporated into a basic illustration required to
3 be delivered or into the life insurance policy summary
4 that is required to be delivered.

5 ~~[(b)]~~ (c) Any time a long-term care benefit funded through
6 a life insurance vehicle by the acceleration of the death
7 benefit is in benefit payment status, the policyholder maintains
8 ownership of the policy and may be required to make premium
9 payments. During the benefit payment status, a monthly report
10 shall be provided to the policyholder. The report shall
11 include:

- 12 (1) Any long-term care benefits paid out during the month;
13 (2) An explanation of any changes in the policy, for
14 example death benefits or cash values, due to long-
15 term care benefits being paid out; ~~[and]~~
16 (3) The amount of long-term care benefits existing or
17 remaining~~[-]~~; and
18 (4) The minimum requirements for payout.

19 ~~[(e)]~~ (d) Any policy advertised, marketed, or offered as
20 long-term care or nursing home insurance shall comply with this
21 article."



S.B. NO. 3061

1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect upon its approval.

4

INTRODUCED BY: *Randy de Beal*



S.B. NO. 3061

Report Title:

Insurance; Accelerated Death Benefits; Required Provisions

Description:

Requires life insurance policies that offer long-term care benefits to include an accelerated death benefits provision.

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