

A Bill for an Act Relating to Life Insurance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“Sec. 431- Interest upon proceeds of life insurance policies. (a) Except as provided in subsection (d), in the event an action to recover the proceeds due under a life insurance policy or annuity contract is commenced and results in a judgment against the insurer, interest hereon shall be computed under subsection (c) and paid from the date of death of an insured or annuitant in connection with a death claim on a life insurance policy or annuity contract and from the date of maturity of an endowment or annuity contract to the date the verdict is rendered or the report or decision is made.

(b) Except as provided in subsection (d), in the event an action to recover is commenced and a settlement is reached before the verdict is rendered or the report or decision is made, interest on the settlement shall be computed under subsection (c) and paid from the date of death of an insured or annuitant in connection with a death claim on a life insurance policy or annuity contract to the date of payment and from the date of maturity of an endowment or annuity

contract to the date of payment.

(c) In the event no action has been commenced, interest upon the principal sum paid to the beneficiary or policyholder shall be computed daily at the rate of interest currently paid by the insurer on proceeds left under the interest settlement option but the rate of interest shall not be less than six per cent a year computed from the date of death of an insured or annuitant in connection with a death claim on a life insurance policy or annuity contract to the date of payment and from the date of maturity of an endowment or annuity contract to the date of payment and shall be added to and be a part of the total sum paid.

(d) This section shall not require the payment of interest if, in connection with a death claim on a life insurance policy or annuity contract, the proceeds of the policy or contract is paid within 30 days from the date of death.

(e) This section shall not require the payment of interest for any period during which an insurer is required to pay interest under any state or federal law pertaining to interpleader.

(f) This section shall not apply to policies or contracts issued prior to the effective date of this section which contain specific provisions to the contrary."

SECTION 2. New statutory material is underscored. In printing this Act, the revisor of statutes need not include the underscoring.*

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

(Approved June 2, 1977.)

*Edited accordingly.