

ACT 233

H.B. NO. 1580

A Bill for an Act Relating to Industrial Loan Companies.

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

SECTION 1. Section 408A-4, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) [Upon the establishment of the guaranty corporation, no] No industrial loan company licensed under and regulated by chapter 408, shall issue thrift account obligations, unless it is a member of the guaranty corporation. All such thrift account obligations shall be insured either by the guaranty corporation or by the Federal Deposit Insurance Corporation; provided that after June 30, 1984, no industrial loan company shall issue thrift account obligations, unless such obligations are insured by the Federal Deposit Insurance Corporation.”

SECTION 2. Section 408A-9, Hawaii Revised Statutes, is amended to read as follows:

“§408A-9 Guarantee of thrift accounts. (a) Thrift accounts plus unpaid interest thereon accrued as of the last interest accrual date prior to the date of receivership of the property and business of a member or the date such member is declared bankrupt, whichever first occurs, shall be guaranteed by the guaranty corporation as follows:

- (1) For single ownership thrift accounts in any one institution:
 - (A) Funds owned by an individual and invested in the manner set forth in this paragraph [(1)] shall be added together and guaranteed up to \$10,000 in the aggregate.
 - (B) Individual accounts invested in one or more accounts in his own name shall be guaranteed up to \$10,000 in the aggregate.
 - (C) Funds owned by a principal and invested in one or more accounts in the name or names of agents or nominees shall be added to any individual account of the principal and guaranteed up to \$10,000 in the aggregate.
 - (D) Accounts held by a guardian, custodian, or conservator for the benefit of his ward or for the benefit of a minor under the “Hawaii Uniform Gifts to Minors Act” and invested in one or more accounts in the name of the guardian, custodian, or conservator shall be added to any individual account of the ward or minor and guaranteed up to \$10,000 in the aggregate.
- (2) For testamentary accounts in any one institution:
 - (A) Funds owned by an individual and invested in a revocable trust account, or tentative trust account, payable-on-death account, or similar account evidencing an intention that on his death the funds shall belong to his spouse, child, or grandchild shall be guaranteed up to \$10,000 in the aggregate as to each such named beneficiary, separately from any other account of the owner.
 - (B) If the named beneficiary of such an account is other than the owner’s spouse, child, or grandchild, the funds in such account shall be added to any individual account of such owner and guaranteed up to \$10,000 in the aggregate.
- (3) For accounts in any one institution held by [[]personal representatives[]], being funds of a decedent held in the name of the decedent or in the name of the [[]personal representative[]] of his estate and invested in one or more accounts shall be guaranteed up to \$10,000 in the aggregate, separately from the individual accounts of the beneficiaries of the estate or of the [[]personal representative[]].
- (4) For corporation or partnership accounts in any one institution, being accounts of a corporation or partnership engaged in any independent activity, up to \$10,000 in the aggregate. An account of a corporation or partnership not engaged in an independent activity shall be deemed to be owned by the person owning such corporation or comprising such partnership and, for guarantee purposes, the interest of each person in such account shall be added to any other account individually owned by such person and guaranteed up to \$10,000 in the aggregate.

- (5) For unincorporated association accounts in any one institution, being accounts of an unincorporated association engaged in any independent activity up to \$10,000 in the aggregate. An account of an unincorporated association not engaged in any independent activity shall be deemed to be owned by the persons comprising such association and, for guarantee purposes, the interest of each owner in such account shall be added to any other account individually owned by such person and guaranteed up to \$10,000 in the aggregate.
- (6) For joint accounts in any one institution:
 - (A) Accounts owned jointly, whether as joint tenants with right of survivorship, as tenants by the entirety, or as tenants in common, shall be guaranteed separately from account individually owned by the co-owners.
 - (B) A joint account shall be deemed to exist, for purposes of guarantee of accounts, only if each co-owner has personally executed an account signature card and possesses redemption rights.
 - (C) An account owned jointly which does not qualify as a joint account for purposes of guarantee of accounts shall be treated as owned by the named persons as individuals, and the actual ownership interest of each such person in such account shall be added to any other account individually owned by such person and guaranteed up to \$10,000 in the aggregate.
 - (D) All joint accounts owned by the same combination of individuals shall first be added together and guaranteed up to \$10,000 in the aggregate.
 - (E) The interest of each co-owner in all joint accounts owned by different combinations of individuals shall then be added together and guaranteed up to \$10,000 in the aggregate.
- (7) For trust accounts in any one institution being all trust interests for the same beneficiary invested in accounts established pursuant to valid trust arrangements created by the same settlor (grantor) shall be added together and guaranteed up to \$10,000 in the aggregate, separately from other accounts of the trustee of such trust funds or the settlor or beneficiary of such trust arrangements.

(b) The guaranty corporation shall not insure thrift accounts under this section after June 30, 1984, and no member shall thereafter represent that such guarantee exists. Once each week for the three consecutive weeks preceding July 1, 1984, the guaranty corporation shall publish in a newspaper of general circulation in each county in which a member has an office, a conspicuous notice to the effect that it no longer insures the thrift account obligations of its members.

Prior to July 1, 1984, if a member's thrift accounts become insured by the Federal Deposit Insurance Corporation, the member shall terminate the guarantee of its thrift accounts under this section by ceasing to represent that such guarantee exists; and with the bank examiner's approval, the member shall publish a conspicuous notice of such cessation in a newspaper of general circulation in each county in which it has an office, once each week for three consecutive weeks. As of the

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termination of the guarantee, the member's obligation to pay the assessments required by section 408A-10 shall be reduced by the amount of assessments that such member shall have paid to the Federal Deposit Insurance Corporation during the previous twelve months."

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 4. This Act shall take effect on July 1, 1983.

(Approved June 8, 1983.)