

HAWAII ADMINISTRATIVE RULES

TITLE 16

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

CHAPTER 18

HAWAII LIFE AND DISABILITY INSURANCE
GUARANTY ASSOCIATION SUMMARY DOCUMENT, DISCLAIMER
AND WRITTEN NOTICE

§16-18-1	Purpose
§16-18-2	Summary document
§16-18-3	Disclaimer
§16-18-4	Written notice

§16-18-1 Purpose. The purpose of this chapter is to prescribe the form and content of the summary document disclaimer pursuant to section 431:16-218(c) and the written notice pursuant to section 431:16-218(d). [Eff 3/12/92] (Auth: HRS §431:2-201) (Imp: HRS §431:16-218)

§16-18-2 Summary document. (a) The Hawaii Life and Disability Insurance Guaranty Association (Guaranty Association) shall submit the summary document to the commissioner for approval before the document may be delivered to policyholders. Upon receiving approval from the commissioner, the Guaranty Association shall notify all its members of the contents of the approved summary document.

(b) Insurance companies may print the summary document on their own letterhead in substantially the same form as that approved by the commissioner in Exhibit A, dated September 1991, located at the end of this chapter and made a part of this section. The wording of the summary document shall be identical to that approved by the commissioner.

(c) The insurance company or insurance agent shall deliver the summary document to the policyholder or certificate holder at the time of delivery of the insurance policy unless section 431:16-203(b)(2)(A) applies. The summary document shall be a separate document from the policy and shall not be attached to nor made part of the policy.

(d) Revisions to the summary document shall be approved by the commissioner prior to use. [Eff 3/12/92] (Auth: HRS §431:2-201) (Imp: HRS §431:16-218)

16-18-3 Disclaimer. (a) The contents of the disclaimer described in section 431:16-218(c) shall read as follows:

"The Hawaii Life and Disability Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in Hawaii. You should not rely on coverage by the Hawaii Life and Disability Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies and their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Hawaii Life and Disability Insurance Guaranty Association to induce you to purchase any kind of insurance policy.

The Hawaii Life and Disability Insurance Guaranty Association
P.O. Box 4068
Honolulu, Hawaii 96812

Department of Commerce and Consumer Affairs
Insurance Division
P. O. Box 3614
Honolulu, Hawaii 96811"

(b) This disclaimer shall be stamped or written conspicuously upon the first page of the summary document described in section 431:16-218. The wording of the disclaimer shall be identical to that prescribed by the commissioner in Exhibit A, dated September 1991, located at the end of this chapter and made a part of this section.

(c) The disclaimer may include the name and address of the insurance company issuing the policy and the name and address of the insurance agent who procured the policy. [Eff 3/12/92] (Auth: HRS §431:2-201) (Imp: HRS §431:16-218)

§16-18-4 Written notice. (a) This written notice shall only apply to section 431:16-203(b)(2)(A). The wording of the written notice described in section 431:16-218(d) shall be identical to that prescribed in Exhibit B, dated September 1991, located at the end of this chapter and made a part of this section.

(b) The notice shall include the name and address of the insurance company issuing the policy. The insurance company may print the notice on their own letterhead.

(c) The notice shall be delivered by the insurance company or agent prior to or at the time of delivery of the policy to the policyholder or to the certificate holder. The notice shall be a separate document from the policy and should not be attached to or made a part of the policy.

(d) The summary document shall also be available upon request by the policyholder. [Eff3/12/92] (Auth: HRS §§431:2-202, 431:16-218) (Imp: HRS §431:16-218)

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Chapter 16-18, Hawaii Administrative Rules, on the Summary Page dated December 4, 1991, was adopted on December 4, 1991, following a public hearing held on November 25, 1991, after public notices were given in the Honolulu Star-Bulletin, and Honolulu Advertiser on October 24, 1991, and in West Hawaii Today, the Hawaii Tribune-Herald, the Maui News, the Garden Island and Kauai Times on October 23, 1991.

The adoption of Chapter 16-18 shall take effect ten days after filing with the Office of the Lieutenant Governor.

/s/ Linda Chu Takayama
LINDA CHU TAKAYAMA
Commissioner of Insurance

APPROVED AS TO FORM: Date 2/7/92

/s/ Diane Erickson
Deputy Attorney General

APPROVED: Date 2/20/92

/s/ Robert A. Alm
ROBERT A. ALM
Director of Commerce and Consumer Affairs

APPROVED: Date 3/2/92

/s/ John Waihee
JOHN WAIHEE
Governor of Hawaii

March 2, 1992
Filed

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Adoption of Chapter 16-18
Hawaii Administrative Rules

December 4, 1991

SUMMARY

Chapter 16-18, Hawaii Administrative Rules, entitled "Hawaii Life and Disability Insurance Guaranty Association Summary Document, Disclaimer and Written Notice" is adopted.

**NOTICE CONCERNING COVERAGE
LIMITATIONS AND EXCLUSIONS UNDER THE
HAWAII LIFE AND DISABILITY INSURANCE
GUARANTY ASSOCIATION ACT**

Residents of Hawaii who purchase life insurance, annuities or disability insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Hawaii Life and Disability Insurance Guaranty Association. The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Guaranty Association is not unlimited, however. And as noted in the box below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

DISCLAIMER

The Hawaii Life and Disability Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in Hawaii. You should not rely on coverage by the Hawaii Life and Disability Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.

Coverage is *NOT* provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. *However, insurance companies and their agents are prohibited by law from using the existence of the guaranty association to induce you to purchase any kind of insurance policy.*

The Hawaii Life and Disability Insurance Guaranty Association
P.O. Box 4068
Honolulu, Hawaii 96812

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The state law that provides for this safety-net coverage is called the Hawaii Life and Disability Insurance Guaranty Association Act. Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the Guaranty Association.

(please turn to back of page)

COVERAGE

Generally, individuals will be protected by the Hawaii Life and Disability Insurance Guaranty Association if they live in this state and hold a life or disability insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by the Guaranty Association if:

- they are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state); or
- the insurer was not a member insurer of the Guaranty Association. A nonprofit hospital or medical service organization (the "Blues"), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy-holder is subject to future assessments, or an insurance exchange are examples of nonmember insurers.

The Guaranty Association also does **not** provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- any policy of reinsurance (unless an assumption certificate was issued);
- interest rate yields that exceed an average rate;
- dividends;
- credits given in connection with the administration of a policy by a group contract holder;
- employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- unallocated annuity contracts (which give rights to group contractholders, not individuals).

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the amount the Guaranty Association is obligated to pay out: The Guaranty Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Guaranty Association will pay a maximum of \$300,000 - no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$100,000 in cash surrender values, \$100,000 in disability insurance benefits, \$100,000 in present value of annuities, or \$300,000 in life insurance death benefits - again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages.

**NOTICE CONCERNING EXCLUSIONS
FROM COVERAGE UNDER THE
HAWAII LIFE AND DISABILITY INSURANCE
GUARANTY ASSOCIATION ACT**

**This policy is NOT covered by The Hawaii Life
and Disability Insurance Guaranty Association**

EXCLUSIONS FROM COVERAGE

The following are not covered by the Hawaii Life and Disability Insurance Guaranty Association:

- Any policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.
- Any policy of reinsurance (unless an assumption certificate was issued).
- Interest rate yields that exceed an average rate.
- Dividends.
- Credits given in connection with the administration of a policy by a group contract holder.
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them).
- Unallocated annuity contracts (which give rights to group contractholders, not individuals).

Also, you are **not** protected by this Association if:

- You are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state); or
- The insurer was not a member insurer of the Guaranty Association. A nonprofit hospital or medical service organization (the "Blues"), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy-holder is subject to future assessments, or an insurance exchange are examples of nonmember insurers.

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