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WAYNE METCALF
INSURANCE COMMISSIONER

May 22, 2001

Memorandum 2001-8A

To: All Life Insurers Authorized to do Business in the State of Hawaii

From: Wayne C. Metcalf, III
Insurance Commissioner, State of Hawaii

RE: Replacement of Life Insurance Policies and Annuities

Act 252, 2000 Legislative Session, mandates certain standards governing the conduct of insurers and producers with respect to the replacement of existing life insurance policies and annuities contracts. These standards are codified as Part V of Article 431:10D, Hawaii Revised Statutes, and will become effective on July 1, 2001. Part V of Article 431:10D is comprised of the following statutes:

§ 431:10D-501	Purpose and Scope
§ 431:10D-502	Definitions
§ 431:10D-503	Duties of Producers
§ 431:10D-504	Duties of Insurers that Use Producers
§ 431:10D-505	Duties of Replacing Insurers that Use Producers
§ 431:10D-506	Duties of the Existing Insurer
§ 431:10D-507	Duties of Insurers with Respect to Direct Response Solicitations
§ 431:10D-508	Violations and Penalties
§ 431:10D-509	Authority to Adopt Rules

The texts of these statutes are located: at www.capitol.hawaii.gov/hrscurrent/Vol09/hrs431-435_INS/431-10d/; in the 2000 volume 9 supplement of the Hawaii Revised Statutes located in libraries; or may be obtained at the Insurance Division for a copying charge.

Specific mention of §§ 431:10D-503(b), 431:10D-507(a), and 431:10D-507(b), is made at this time as these sections require particular notices and disclosures on forms approved by the Insurance Commissioner. To facilitate compliance with these new requirements, the Commissioner has approved the attached forms for use by insurers: LIR 01/0900 (2 pages), LIR 02/0900, and LIR 03/0900 (2 pages). These forms correspond to the National Association of Insurance Commissioner's Model Life Replacements Regulations (2000) APPENDICES A, B,

(over)

and C, respectively, and are for use by insurers and producers when conducting business regulated by Part V.

Copies of LIR 01/0900, LIR 02/0900, and LIR 03/0900 may be obtained via the internet at the Insurance Division web page at www.state.hi.us/dcca/ins/ or at the Insurance Division. Insurers using these forms need not file them with the Division as evidence of their use since these forms have already been approved by the Commissioner.

Insurers and producers may also use forms which are substantially similar to LIR 01/0900, LIR 02/0900, and LIR 03/0900 providing that they have been approved by the Commissioner prior to their use. If an insurer wishes to use substantially similar forms other than LIR 01/0900, LIR 02/0900, and LIR 03/0900, the insurer shall file 2 copies of the form along with a self-addressed stamped envelope with the Insurance Division and shall: (1) highlight each deviation from the standard forms; and (2) provide justification for each deviation.

You are commended to the new statutes in Part V and their requirements. Failure to comply with their mandates may result in licensee penalties for violations under Article 431:13 and other applicable laws of this State.

For questions regarding the statutes in Part V and their requirements, please contact the Rate and Policy Branch of the Insurance Division at 808-586-2809. Reports of violations by insurers of Part V's mandates may be made to the Complaints and Enforcement Branch at 808-586-2790.

Thank you for your attention to this Memorandum.