
Foreword

Act 177 (Session Laws of Hawaii 2008), known as the Life Settlements Act, was approved by the Governor on June 16, 2008. Act 177 requires the Insurance Commissioner to provide reports to the Legislature before the 2009 and 2010 legislative sessions. This is the second of those reports.

J.P. SCHMIDT
Insurance Commissioner

Life Settlement Act Report for the Four Months Ending October 31, 2008

This annual report is filed pursuant to Act 177 (Session Laws of Hawaii 2008), which requires the Insurance Commissioner to submit a report concerning Act 177 before the 2009 and 2010 legislative sessions.

Act 177 was codified as Hawaii Revised Statutes chapter 431E (hereinafter, the "Act"). The Act has been implemented and as of the date of this report there are active licenses for eighteen (18) resident life settlement brokers, sixty-six (66) nonresident life settlement brokers, one (1) resident life settlement provider, and forty-six (46) nonresident life settlement providers. The Insurance Commissioner is in the final stages of the process to adopt administrative rules to fully implement the Act. Reporting from life settlement providers showed that there were two (2) life settlement transactions in Hawaii that met the reporting requirements in Hawaii Revised Statutes section 431E-6. To date the Insurance Commissioner has conducted no enforcement actions under the Act.

A life settlement transaction can be considered a resale transaction or a factoring arrangement and is not an insurance product. We further note that the requirements of Hawaii Revised Statutes section 431E-5 which requires approval of contract forms and other business forms might be considered an excessive form of regulation. Despite that, we decline to offer recommended changes to the Act.