

ACT 6

S.B. NO. 144

A Bill for an Act Relating to the Hawaii Insurance Law.

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

SECTION 1. Section 431-521, Hawaii Revised Statutes, is amended to read:

"Sec. 431-521 Payment of benefits. (a) The benefits payable under any policy or contract of group of blanket disability insurance shall be payable to the insured member of the group or to the beneficiary designated by him, other than the policyholder, employer, or the association or any officer thereof as such, subject to provisions of the policy in the event the claimant is insane or otherwise incompetent, or in the event there is no designated beneficiary as to all or any part of any sum payable at the death of the individual insured; provided, that if the entire cost of the insurance has been borne by the employer such benefits may be made payable to the employer.

(b) Any group or blanket disability policy may provide that all or any portion of any indemnities provided by any such policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option, be paid directly to the hospital or person rendering such services, but the policy may not

require that the service be rendered by a particular hospital or person. Payment so made shall discharge the insurer's obligation with respect to the amount so paid.

(c) No group disability income policy shall contain any provision integrating the benefits of the policy with social security benefits whereby the amount of the disability benefit actually being paid to the disabled person under the terms and conditions of the policy will be diminished when there occurs an increase in social security benefits either by operation of amendments to the Social Security Act or by cost of living adjustments which become effective after the first day the disabled person becomes entitled to benefits."

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 January 1, 1978.

(Approved May 3, 1977.)

*Edited accordingly.