
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYERS' MUTUAL INSURANCE COMPANY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that small contractors
2 are unable to purchase general liability insurance when they
3 build projects that are considered multi-family or track homes.
4 On the other hand, our State needs the skills and services of
5 small contractors to provide single family and multi-family
6 housing for Hawaii's working residents.

7 The purpose of this Act is to require the Hawaii Employers'
8 Mutual Insurance Company to provide liability coverage for small
9 contractors, thereby encouraging the rest of the insurance
10 market to write policies for small affordable housing
11 developments without undue cost and management requirements.

12 SECTION 2. Section 431:14A-103, Hawaii Revised Statutes,
13 is amended to read as follows:

14 "**§431:14A-103 Hawaii employers' mutual insurance company,**
15 **established.** (a) The Hawaii employers' mutual insurance
16 company is established as an independent corporation to provide
17 workers' compensation insurance and related services to Hawaii



1 employers. The company may be reorganized as a nonprofit
2 corporation under chapter 414D.

3 (b) The company shall be organized and operated as a
4 domestic mutual insurance company. The company shall comply
5 with, unless specifically excluded, all requirements of the
6 insurance code regarding a domestic mutual insurance company.
7 The company shall not be an agency of the State. The company or
8 its liabilities shall not be deemed to constitute debts or
9 liabilities of the State of Hawaii or pledges of the full faith
10 and credit of the State. The company shall write workers'
11 compensation insurance policies covering Hawaii employers as
12 required or authorized by law and employers' liability to the
13 same extent as any other private insurer. The company shall not
14 write other lines of insurance, reinsurance, or excess
15 insurance.

16 (c) The company may insure Hawaii employers against their
17 liability for compensation or damages for injury or death under
18 the United States Longshoremen's and Harbor Workers'
19 Compensation Act or federal or maritime laws like any other
20 private insurer.

21 (d) The company's assets shall consist of real and
22 personal property and shall include all premiums and other



1 moneys paid to the company, all property, and other income
2 acquired, earned, or otherwise gained by the use of premiums and
3 other moneys paid to the company by deposits, investments,
4 exchanges, and other transactions. The company's assets shall
5 be the sole property of the company and shall be used
6 exclusively by the company for the operation and obligations of
7 the company.

8 (e) Notwithstanding any other law to the contrary, the
9 company shall be excluded from the surplus requirements of
10 domestic mutual insurers from January 1, 1997, through December
11 31, 2007. The company is also excluded during this time period
12 from any assessments by the Hawaii hurricane relief fund
13 otherwise required by section 431P-5(b)(8); provided that the
14 exclusion shall apply to the first \$25,000,000 of written
15 premiums in each calendar year; and provided further that annual
16 written premiums in excess of \$25,000,000 shall be assessed in
17 accordance with section 431P-5(b)(8).

18 (f) The company is exempt from participation, and shall
19 not join, contribute financially to, nor be entitled to the
20 protection of, any plan, association, guaranty, insolvency fund,
21 or education and training fund authorized or required by this
22 chapter. Notwithstanding the foregoing exemptions, beginning



1 January 1, 2008, the company shall participate in the property
2 and liability insurance guaranty association, pursuant to
3 sections 431:16-101 to 431:16-117; provided that the company
4 shall meet the surplus requirements applicable to all other
5 domestic insurers under chapter 431 effective January 1, 2008.

6 (g) On or after January 1, 1997, the company shall provide
7 workers' compensation coverage to Hawaii employers otherwise
8 entitled to coverage but not able to or not electing to purchase
9 coverage in the voluntary insurance market, and not authorized,
10 either individually or as a part of a group, to self-insure. An
11 authorized self-insured is eligible for coverage upon
12 termination of self-insurance.

13 (h) On or after January 1, 2008, the company shall provide
14 liability insurance coverage to contractors licensed under
15 chapter 444 and who qualify as a small employer under section
16 431:2-201.5, who are otherwise entitled to coverage but not able
17 to or not electing to purchase coverage in the voluntary
18 insurance market, and not authorized, either individually or as
19 a part of a group, to self-insure. An authorized self-insured
20 is eligible for coverage upon termination of self-insurance."

21 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Mele Carroll

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JAN 22 2007



Report Title:

Hawaii Employers' Mutual Insurance Company

Description:

Requires the Hawaii employers' mutual insurance company to make liability insurance available to small contractors.

