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# A BILL FOR AN ACT

RELATING TO UNFAIR BUSINESS PRACTICES.

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

1           SECTION 1. Chapter 431, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 10F to be  
3 appropriately designated and to read as follows:

4           "§431:10F-       Directed suretyship; coercion of contractors.

5           (a) No person may require as a condition precedent to the  
6 granting, awarding, or issuing a contract for the construction  
7 or renovation of improvements to real property, that the person  
8 whose obligation under such contract is to provide, construct,  
9 or renovate improvements to real property is to acquire or  
10 negotiate a surety bond or other contract guaranteeing  
11 completion of such improvements through a particular surety  
12 insurer or group of surety insurers, or a particular producer or  
13 group of producers.

14           (b) The commissioner may examine and investigate the  
15 insurance related activities of any person whom the commissioner  
16 believes may be in violation of this section. Any person may  
17 submit to the commissioner a complaint or any material pertinent  
18 to the enforcement of this section.



1        (c) Nothing in this section shall prevent a person who  
2 grants, awards, or issues contracts for the construction or  
3 renovation of improvements to real property from requiring a  
4 person to acquire or negotiate a surety bond or other contract  
5 guaranteeing completion of the improvements through authorized  
6 surety insurers or producers licensed to do business in the  
7 State or both."

8        SECTION 2. New statutory material is underscored.

9        SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Surety; Unfair Methods of Competition

**Description:**

Prohibits the practice of requiring, as a condition precedent to the granting, awarding, or issuing a contract for construction or renovation, that a person use a specific surety or producer.  
(SD1)

