A BILL FOR AN ACT

RELATING TO PROPERTY INSURANCE.

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

1	SECTION 1. Section 431:21-105, Hawaii Revised Statutes, is		
2	amended b	y amending subsection (b) to read as follows:	
3	"(b)	In addition to any other powers allowed by law, the	
4	association may:		
5	(1)	Add additional insurance coverages with the approval	
6		of the commissioner, including coverage for commercial	
7		risks up to the limits of coverage for residential	
8		risks as set forth in the plan of operation;	
9	(2)	Employ or retain persons as are necessary to perform	
10		the duties of the association;	
. 11	(3)	Contract with a member insurer to perform the duties	
12		of the association;	
13	(4)	Sue or be sued;	
14	(5)	Borrow funds necessary to effectuate the purposes of	
15		this article in accord with the plan of operation;	
16	(6)	If there is not then in effect a valid policy of	
17		hurricane property insurance issued by the Hawaii	

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1		hurricane relief fund, expend up to \$ of the
2		Hawaii hurricane relief fund established under chapter
3		431P to cover extraordinary losses incurred by the
4		association caused by the flow of lava or other
5		volcanic activity in a United States geological
6		services lava flow hazard zone one or two;
7	[-(6) -]	(7) If approved by the commissioner, assess member
8		insurers amounts necessary to cover extraordinary
9		losses incurred by the association[-]; provided that
10		up to \$ of the Hawaii hurricane relief fund
11		established under chapter 431P may be expended to
12		reduce any assessment made pursuant to this paragraph
13		if there is not then in effect a valid policy of
14		hurricane property insurance issued by the Hawaii
15		hurricane relief fund. Each member insurer shall be
16		notified of the assessment not later than thirty days
17		before it is due. No member insurer may be assessed
18		in any year an amount greater than two per cent of
19		that member insurer's net direct written premiums for
20		the preceding calendar year. The association may
21		exempt or defer, in whole or in part, the assessment

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1		of any member insurer if the assessment would cause
2		the member insurer's financial statement to reflect
3		amounts of capital or surplus less than the minimum
4		amounts required for a certificate of authority by any
5		jurisdiction in which the member insurer is authorized
6		to transact business;
7	[- (-7)-]	(8) Devise a method to give credit to member insurers
8		for homeowners and fire insurance policies
9		individually underwritten on risks located in the area
10		designated for coverage by the association;
11	[(8)]	(9) Negotiate and become a party to contracts as are
12		necessary to carry out the purposes of this article;
13		and
14	[(9)]	(10) Perform all other acts as are necessary or proper
15		to effectuate the purpose of this article."
16	SECT	ION 2. Statutory material to be repealed is bracketed
17	and stric	ken. New statutory material is underscored.
18	SECT	ION 3. This Act shall take effect upon its approval.
19		

INTRODUCED BY:

JAN 2 3 2015

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Report Title:

Hawaii Hurricane Relief Fund; Hawaii Property Insurance Association

Description:

Authorizes the Hawaii property insurance association to spend funds in the Hawaii hurricane relief fund to pay for extraordinary losses caused by the flow of lava or other volcanic activity.

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