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## A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

1           SECTION 1. The purpose of this Act is to modernize certain  
2 practices required under chapter 431:10C, Hawaii Revised  
3 Statutes, relating to motor vehicle insurance. The current  
4 statutory language anticipates a "brick and mortar" sales and  
5 claims office. Today, many of the services traditionally  
6 accessed in a physical office are being accessed through mobile  
7 smart phone or internet technology. Insureds can now purchase  
8 insurance or file a claim on their mobile devices. In 2016, the  
9 legislature passed legislation allowing electronic versions of  
10 insurance cards to meet the physical card requirement of proof  
11 of insurance. This Act seeks to further modernize the insurance  
12 code to incorporate the current use of electronic technology for  
13 claims service and adjustment and for sales of motor vehicle  
14 insurance. The legislature finds that the insurance code should  
15 reflect the current state of business, and provide consumers  
16 with the services they desire. Thus, this Act allows the  
17 insurance commissioner to require that satisfactory arrangements



1 have been made for claims service and adjustment, and sales  
 2 service for all motor vehicle insurance sold within the State;  
 3 provided that the provision of a complete sales and claims  
 4 service office in the State shall be at the commissioner's  
 5 discretion. This would afford the commissioner maximum  
 6 flexibility to modernize sales and claims service, and would  
 7 also allow insurers to modernize their practices to meet the  
 8 demands of a changing consumer base.

9 SECTION 2. Section 431:10C-119, Hawaii Revised Statutes,  
 10 is amended by amending subsection (a) to read as follows:

11 "(a) Prior to licensing an insurer to transact a motor  
 12 vehicle insurance business in this State, the commissioner:

- 13 (1) Shall effect a thorough examination of the insurer's  
 14 business experience, financial soundness, and general  
 15 reputation as an insurer in this and other states. In  
 16 the discretion of the commissioner, this examination  
 17 may include an examination of any or all of the  
 18 business records of the insurer, and an audit of all  
 19 or any part of the insurer's motor vehicle insurance  
 20 business, each to be performed by the commissioner's  
 21 staff or by independent consultants. No license shall



1 be issued until the commissioner is satisfied as to  
2 the business experience, financial solvency, and the  
3 economic soundness of the insurer;

4 (2) Except for a member-owned reciprocal insurer and its  
5 wholly owned insurer subsidiaries, as specified in  
6 subsection (c), shall require of each insurer, and  
7 determine that satisfactory arrangements have been  
8 made for [~~the provision of a complete sales and~~  
9 ~~claims service office in the State,~~] claims service  
10 and adjustment, and for policies sold or issued to  
11 consumers in the State; [and]

12 (3) May require an in-state claims service and adjustment  
13 office; and

14 [~~(3)~~] (4) Notwithstanding any other requirements of this  
15 section or of the insurance code, may require a bond  
16 in a reasonable amount and with deposits or sureties  
17 determined in the commissioner's discretion of any  
18 applicant for a license hereunder. The commissioner  
19 may, at any time, make and enforce such a requirement  
20 of any licensed insurer or self-insurer."



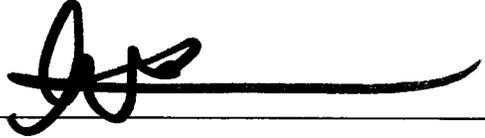
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1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

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

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'J. W.', written over a horizontal line.

JAN 23 2017



# H.B. NO. 895

**Report Title:**

Motor Vehicle Insurance; Claims Service; Sales

**Description:**

Allows insurance commissioner discretion in requiring motor vehicle insurers to have claims, adjustment, and sales service at an office in the State, to facilitate access to such services by electronic technology.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

