
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 legislature finds that existing language in
2 the State's motor vehicle insurance code assumes a "brick and
3 mortar" sales and claims office. Today, many of the functions
4 once done in a physical office are being met through mobile
5 smart phone or internet technology. Insureds can now go on
6 their mobile device and purchase motor vehicle insurance or file
7 a claim. In 2016, the legislature passed legislation allowing
8 electronic insurance cards, in addition to paper insurance
9 cards, to be used as proof of insurance for motor vehicles,
10 motorcycles, and motor scooters. The legislature further finds
11 that this modernization trend can be extended to sales and
12 claims handling for motor vehicle insurers. Accordingly, this
13 Act requires each motor vehicle insurer to maintain at least one
14 physical sales and claims service office in each county, which
15 allows motor vehicle insurers to modernize their practices while
16 also ensuring appropriate consumer protection.

17 The purpose of this Act is to:



- 1 (1) Require motor vehicle insurers to make satisfactory
- 2 arrangements with the insurance commissioner to handle
- 3 claims and service policies within the State;
- 4 (2) Specify that motor vehicle insurers are required to
- 5 maintain at least one physical sales and claims
- 6 service office in each county; and
- 7 (3) Require the insurance commissioner to submit a report
- 8 to the legislature, each year for five years,
- 9 regarding any consumer complaints received as a result
- 10 of changing the requirements for motor vehicle
- 11 insurers to maintain a field presence in Hawaii.

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

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

- 16 (1) Shall effect a thorough examination of the insurer's
- 17 business experience, financial soundness, and general
- 18 reputation as an insurer in this and other states. In
- 19 the discretion of the commissioner, this examination
- 20 may include an examination of any or all of the
- 21 business records of the insurer, and an audit of all



1 or any part of the insurer's motor vehicle insurance
2 business, each to be performed by the commissioner's
3 staff or by independent consultants. No license shall
4 be issued until the commissioner is satisfied as to
5 the business experience, financial solvency, and the
6 economic soundness of the insurer;

7 (2) Except for a member-owned reciprocal insurer and its
8 wholly owned insurer subsidiaries, as specified in
9 subsection (c), shall require of each insurer, and
10 determine that satisfactory arrangements have been
11 made for ~~[, the provision of a complete sales and~~
12 ~~claims service office in the State; and] claims~~
13 service and adjustment, and for policies sold or
14 issued to consumers in the State; provided that each
15 insurer shall maintain at least one physical sales and
16 claims service office in each county; and

17 (3) Notwithstanding any other requirements of this section
18 or of the insurance code, may require a bond in a
19 reasonable amount and with deposits or sureties
20 determined in the commissioner's discretion of any
21 applicant for a license hereunder. The commissioner



1 may, at any time, make and enforce such a requirement
2 of any licensed insurer or self-insurer."

3 SECTION 3. The insurance commissioner shall submit an
4 annual report to the legislature, no later than twenty days
5 prior to the convening of each regular session from the regular
6 session of 2018 to the regular session of 2022, regarding any
7 consumer complaints received as a result of changing the
8 requirements for motor vehicle insurers to maintain a field
9 presence in Hawaii, pursuant to section 2 of this Act.

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect on July 1, 2050;
13 provided that this Act shall be repealed on June 30, 2022, and
14 section 431:10C-119(a), Hawaii Revised Statutes, shall be
15 reenacted in the form in which it read on the day prior to the
16 effective date of this Act.

17



Report Title:

Motor Vehicle Insurance; Claims Service; Sales; Physical Presence

Description:

Requires motor vehicle insurers to make satisfactory arrangements with the insurance commissioner to handle claims and service policies within the State. Specifies that motor vehicle insurers are required to maintain at least one physical sales and claims service office in each county. Requires the insurance commissioner to submit a report to the legislature, each year for five years, regarding any consumer complaints received as a result of changing the requirements for motor vehicle insurers to maintain a field presence in Hawaii. Takes effect on 7/1/2050. Repeals on 6/30/2022. (SD1)

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