
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 432:1-407, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Net worth requirements are as follows:

4 (1) Before issuing a certificate of authority pursuant to
5 section 432:1-301, the commissioner shall require that
6 the mutual benefit society has an initial net worth of
7 \$2,000,000 and the society shall thereafter maintain
8 the minimum net worth required under paragraph (2);

9 and

10 (2) Every mutual benefit society shall maintain a minimum
11 net worth equal to the greater of:

12 (A) \$2,000,000;

13 (B) Two per cent of gross annual premium revenues as
14 reported on the most recent annual financial
15 statement filed with the commissioner on the
16 first \$150,000,000 of gross annual premium
17 revenues and one per cent of gross annual premium



1 revenues on the gross annual premium revenues in
2 excess of \$150,000,000; or

3 (C) An amount equal to eight per cent of the sum of
4 gross annual health care expenditures and
5 operating expenses as reported on the most recent
6 financial statement filed with the commissioner."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect on July 1, 2050.

9



Report Title:

Mutual Benefit Societies; Minimum Net Worth; Requirements

Description:

Clarifies that a mutual benefit society shall maintain a minimum net worth calculated based on gross annual premium revenues and gross annual health care expenditures and operating expenses. Effective 7/1/2050. (SD1)

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