

JAN 19 2018

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 requires insurers to
3 maintain a "brick and mortar" sales and claims service office.
4 When originally written, the code did not envision the Internet,
5 cellular smart phones, or computerization. Today, many of the
6 functions once done in a physical office are being met through
7 mobile smart phone or internet technology. Insureds can now go
8 on their mobile device and purchase motor vehicle insurance or
9 file a claim. Consequently, in 2016, the legislature passed
10 legislation allowing electronic insurance cards, in addition to
11 paper insurance cards, to be used as proof of insurance for
12 motor vehicles, motorcycles, and motor scooters. The
13 legislature finds that this modernization trend can be extended
14 to sales and claims handling for motor vehicle insurers while
15 still ensuring appropriate protections for consumers. Moreover,
16 easing the sales and claims office requirements under the motor
17 vehicle insurance code will bring the motor vehicle insurance



1 code in line with the statutory requirements for other types of
2 insurers, such as other property and casualty line insurers, in
3 the State. Accordingly, the purpose of this Act is to allow
4 licensed producers of motor vehicle insurers to satisfy the
5 requirement that insurers provide a complete sales and claims
6 office in the State.

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

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

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



1 the business experience, financial solvency, and the
2 economic soundness of the insurer;

3 (2) Except for a member-owned reciprocal insurer and its
4 wholly owned insurer subsidiaries, as specified in
5 subsection (c), shall require of each insurer, and
6 determine that satisfactory arrangements have been
7 made for, the provision of a complete sales and claims
8 service office in the State; provided that the
9 establishment and maintenance of a sales and claims
10 service office by any licensed producer of an insurer
11 shall meet the requirements of this paragraph; and

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

19 SECTION 3. New statutory material is underscored.

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

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S.B. NO. 2652

Report Title:

Motor Vehicle Insurance; Insurers; Offices

Description:

Allows licensed producers of motor vehicle insurers to satisfy the requirement that insurers provide a complete sales and claims office in the State by instead allowing the licensed producer to establish and maintain a sales and claims office.

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