

JAN 20 2017

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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 functions once done in a  
6 physical office are being met through mobile smart phone or  
7 internet technology. Insureds can now go on their mobile device  
8 and purchase insurance or file a claim. 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 meet the current use of electronic technology for the  
13 filing of claims and for sales of motor vehicle insurance. The  
14 legislature finds that the insurance code should reflect the  
15 current state of business, and provide consumers with the  
16 services they desire. Thus, this Act allows the insurance  
17 commissioner to approve claims and sales service arrangements



1 for all motor vehicle insurance sold within the State. This  
2 would allow the commissioner the maximum flexibility to meet the  
3 changing methods of sales and claims service; and would also  
4 allow insurers to modernize their practices to meet the demands  
5 of a changing consumer base.

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

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

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



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

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

16 SECTION 3. Statutory material to be repealed is bracketed  
 17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.  
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# S.B. NO. 372

**Report Title:**

Motor Vehicle Insurance; Claims Service; Sales

**Description:**

Requires motor vehicle insurers to make satisfactory arrangements with the insurance commissioner to handle claims and service policies within the State and removes the requirement for a physical sales and claims service office.

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

