



GOV. MSG. NO. 1213

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 28, 2021

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 28, 2021, the following bill was signed into law:

SB1098 SD1 HD1 CD1

RELATING TO THE REGULATORY AUTHORITY
OF THE INSURANCE COMMISSIONER
ACT 111 (21)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

- 1 (5) Independent adjuster's license: Issuance\$75
- 2 (6) Public adjuster's license: Issuance\$75
- 3 (7) Claims adjuster's limited license: Issuance\$75
- 4 (8) Administrator's license: Issuance\$150
- 5 (9) Independent bill reviewer's license: Issuance\$80
- 6 (10) Limited producer's license: Issuance\$60
- 7 (11) Managing general agent's license: Issuance\$75
- 8 (12) Reinsurance intermediary's license: Issuance\$75
- 9 (13) Surplus lines broker's license: Issuance\$150
- 10 (14) Pharmacy benefit manager's registration: Issuance ...
- 11 \$140
- 12 ~~[(14)]~~ (15) Service contract provider's registration:
- 13 Issuance\$75
- 14 ~~[(15)]~~ (16) Approved course provider certificate:
- 15 Issuance\$100
- 16 ~~[(16)]~~ (17) Approved continuing education course
- 17 certificate: Issuance\$30
- 18 ~~[(17)]~~ (18) Vehicle protection product warrantor's
- 19 registration: Issuance\$75
- 20 ~~[(18)]~~ (19) Criminal history record check; fingerprinting:
- 21 For each criminal history record check and



1 fingerprinting check, a fee to be established by the
2 commissioner.

3 [~~(19)~~] (20) Limited line motor vehicle rental company
4 producer's license: Issuance\$1,000

5 (21) Limited lines portable electronics producer's
6 license: Issuance\$5,000

7 (22) Limited lines self-service storage producer's license:
8 Issuance\$60

9 [~~(20)~~] (23) Legal service plan certificate of authority:
10 Issuance before July 1, 2014\$1,000

11 Issuance on or after July 1, 2014\$500

12 [~~(21)~~] (24) Life settlement provider's license:
13 Issuance before July 1, 2014\$150

14 Issuance on or after July 1, 2014\$75

15 [~~(22)~~] (25) Life settlement broker's license:
16 Issuance before July 1, 2014\$150

17 Issuance on or after July 1, 2014\$75

18 [~~(23)~~] (26) Examination for license: For each examination,
19 a fee to be established by the commissioner.

20 (b) The fees for services of the department of commerce
21 and consumer affairs subsequent to the issuance of a certificate



1 of authority, license, registration, or other certificate are as
2 follows:

3 (1) \$600 per year for all services (including extension of
4 the certificate of authority) for an authorized
5 insurer;

6 (2) \$50 per year for all services (including extension of
7 the license) for a regularly licensed resident
8 producer;

9 (3) \$75 per year for all services (including extension of
10 the license) for a regularly licensed nonresident
11 producer;

12 (4) \$45 per year for all services (including extension of
13 the license) for a regularly licensed independent
14 adjuster;

15 (5) \$45 per year for all services (including extension of
16 the license) for a regularly licensed public adjuster;

17 (6) \$45 per year for all services (including extension of
18 the license) for a claims adjuster's limited license;

19 (7) \$150 per year for all services (including extension of
20 the license) for an administrator's license;



- 1 (8) \$60 per year for all services (including extension of
2 the license) for a regularly licensed independent bill
3 reviewer;
- 4 (9) \$45 per year for all services (including extension of
5 the license) for a producer's limited license;
- 6 (10) \$75 per year for all services (including extension of
7 the license) for a regularly licensed managing general
8 agent;
- 9 (11) \$75 per year for all services (including extension of
10 the license) for a regularly licensed reinsurance
11 intermediary;
- 12 (12) \$45 per year for all services (including extension of
13 the license) for a licensed surplus lines broker;
- 14 (13) \$140 per year for all services (including renewal of
15 registration) for a pharmacy benefit manager;
- 16 ~~(13)~~ (14) \$75 per year for all services (including renewal
17 of registration) for a service contract provider;
- 18 ~~(14)~~ (15) \$65 per year for all services (including
19 extension of the certificate) for an approved course
20 provider;



1 [~~20~~] (23) \$500 per year for all services provided on or
2 after July 1, 2014, (including extension of the
3 certificate) for an authorized legal service plan;

4 [~~21~~] (24) \$1,200 per year for all services (including
5 extension of the license) for a regularly licensed
6 life settlement provider; and

7 [~~22~~] (25) \$150 per year for all services (including
8 extension of the license) for a regularly licensed
9 life settlement broker.

10 The services referred to in paragraphs (1) to [~~22~~] (25) shall
11 not include services in connection with examinations,
12 investigations, hearings, appeals, and deposits with a
13 depository other than the department of commerce and consumer
14 affairs.

15 (c) The commissioner shall notify the holder of a
16 certificate of authority issued under article 3 by written
17 notice at least thirty days prior to the extension date of the
18 certificate of authority [~~license~~] or other certificate. The
19 annual fee for all services shall be due and payable by
20 electronic payment via the National Association of Insurance
21 Commissioners' Online Premium Tax for Insurance or an equivalent



1 service approved by the commissioner. If the fee is not paid
2 before or on the extension date, the fee shall be increased by a
3 penalty in the amount of fifty per cent of the fee. The
4 commissioner shall provide notice in writing of the delinquency
5 of extension and the imposition of the authorized penalty. If
6 the fee and the penalty are not paid within thirty days
7 immediately following the date of notice of delinquency, the
8 commissioner may revoke, suspend, or inactivate the certificate
9 of authority[, ~~license,~~] or other certificate, and may not
10 reissue, remove the suspension of, or reactivate the certificate
11 of authority[, ~~license,~~] or other certificate until the fee and
12 penalty have been paid.

13 (d) The commissioner shall notify licensees and
14 registrants by written notice at least thirty days prior to the
15 extension date of the license or registration. If the fee is
16 not paid before or on the renewal date for a license or
17 registration, the fee shall be increased by a penalty in the
18 amount of double the unpaid renewal fee.

19 [~~d~~] (e) Failure to pay the fee before or on the renewal
20 or extension date for a license, registration, or other
21 certificate [~~issued under article 9 or 9A]~~ shall cause the



1 automatic inactivation of the license, registration, or other
2 certificate [~~effective as of the extension date~~].

3 [~~(e)~~] (f) All fees and penalties are nonrefundable and
4 shall be deposited to the credit of the compliance resolution
5 fund."

6 SECTION 2. Section 431:8-102, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By amending the definition of "business entity" to
9 read:

10 "Business entity" means an association, corporation,
11 [~~individual,~~] limited liability company, limited liability
12 partnership, partnership, [~~person,~~] or other legal entity."

13 2. By amending the definition of "individual" to read:

14 "Individual" means a natural person [~~or a business~~
15 ~~entity~~]."

16 SECTION 3. Section 431:8-310, Hawaii Revised Statutes, is
17 amended by amending subsection (e) to read as follows:

18 "(e) A surplus lines broker license shall be inactivated
19 if the licensee fails to pay any required fee or penalty. A
20 surplus lines broker who allows the surplus lines broker's
21 license to become inactive for nonpayment of the renewal fee may



1 reinstate that license without the necessity of a written
2 examination; provided that the surplus lines broker:

3 (1) Pays the fee and a penalty in the amount of [~~fifty per~~
4 ~~cent of~~] double the [~~then-unpaid~~] then-unpaid fees
5 within [~~twenty-four~~] twelve months from the
6 inactivation date; and

7 (2) Is in compliance with all the requirements of
8 chapter 431.

9 [~~The license shall automatically expire if the surplus lines~~
10 ~~broker does not reinstate the surplus lines broker's license~~
11 ~~within the twenty four month period.] "~~

12 SECTION 4.. Section 431:8-327, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By amending subsection (a) to read:

15 "(a) To qualify for a license renewal, a licensee shall:

16 (1) [~~During the twenty four months preceding~~] Preceding a
17 license renewal, complete the required number of
18 credit hours specified in subsection (b) in approved
19 continuing education courses; and

20 (2) Pay the fees as required under section 431:7-101."

21 2. By amending subsection (h) to read:



1 "(h) A licensee need not retake the surplus lines broker
2 license examination; provided that all renewal requirements in
3 this section are met or reactivation occurs within [~~two years~~]
4 twelve months of the date of inactivation."

5 SECTION 5. Section 431:9-206, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§431:9-206 Examinations for license.** [~~(a) Each~~] Prior
8 to the issuance of the license, each applicant for license as an
9 adjuster or independent bill reviewer shall [~~prior to the~~
10 ~~issuance of any such license,~~] personally take and pass to the
11 satisfaction of the commissioner an examination given by the
12 commissioner as a test of the applicant's qualifications and
13 competence.

14 ~~[(b) This requirement shall not apply to applicants who at~~
15 ~~any time within the three year period next preceding date of~~
16 ~~application held a license in this State which conferred powers~~
17 ~~comparable to those being applied for.~~

18 ~~(c) Applicants who held a license on December 31, 1987,~~
19 ~~shall not, for the purpose of qualifying for the issuance or~~
20 ~~extension of such license after January 1, 1988, be required to~~
21 ~~take an examination.] "~~



1 SECTION 6. Section 431:9-232, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) Prior to the renewal or extension of a license, each
4 licensee shall [~~annually~~] pay the fee required in
5 section 431:7-101.

6 (b) A license for an adjuster or independent bill reviewer
7 shall be inactivated if a licensee fails to pay any required
8 fees or penalties.

9 An adjuster or independent bill reviewer who allows the
10 adjuster's or independent bill reviewer's license to become
11 inactive for nonpayment of the renewal fee may reinstate that
12 license without the necessity of a written examination; provided
13 that the adjuster or independent bill reviewer:

- 14 (1) Pays the fee and a penalty in the amount of
15 [~~fifty per cent of~~] double the [~~then-unpaid~~] then-
16 unpaid fees within [~~twenty-four~~] twelve months from
17 the inactivation date; and
18 (2) Is in compliance with all the requirements of
19 chapter 431.



1 ~~[The license shall automatically expire if the adjuster or~~
2 ~~independent bill reviewer does not reinstate the license within~~
3 ~~the twenty four month period.] "~~

4 SECTION 7. Section 431:9A-102, Hawaii Revised Statutes, is
5 amended as follows:

6 1. By amending the definition of "business entity" to
7 read:

8 "Business entity" means an association, corporation,
9 ~~[individual,~~ limited liability company, limited liability
10 partnership, partnership, ~~[person,~~ or other legal entity."

11 2. By amending the definition of "individual" to read:

12 "Individual" means a natural person ~~[or a business~~
13 ~~entity]. "~~

14 SECTION 8. Section 431:9A-106, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) A person applying for an insurance producer license
17 shall make application to the commissioner on the uniform
18 application and declare under penalty of denial, suspension, or
19 revocation of the license that the statements made in the
20 application are true, accurate, and complete to the best of the



1 applicant's knowledge and belief. Before approving the
2 application, the commissioner shall find that the applicant:

- 3 (1) Is at least eighteen years of age;
- 4 (2) Has not committed any act that is a ground for a
5 licensure sanction set forth in section 431:9A-112;
- 6 (3) Has paid the applicable fees set forth in
7 section 431:7-101;
- 8 (4) Has passed, within the two years immediately preceding
9 the ~~[date of the examination or]~~ issuance of the
10 license, ~~[whichever is later,]~~ the applicable
11 examination for each line of authority for which the
12 applicant has applied; and
- 13 (5) Has submitted a full set of fingerprints, including a
14 scanned file from a hard copy fingerprint, for the
15 commissioner to obtain and receive national and state
16 criminal history ~~[+]record[+]~~ checks from the Federal
17 Bureau of Investigation and the Hawaii criminal
18 justice data center, pursuant to section 846-2.7."

19 SECTION 9. Section 431:9A-107, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:



1 "(c) An insurance producer who allows the producer's
2 license to become inactive for nonpayment of the renewal fee may
3 reinstate that license without the necessity of passing a
4 written examination, if the fee payable and a penalty in the
5 amount of [~~fifty per cent of then unpaid~~] double the then-unpaid
6 renewal fees are paid within [~~twenty-four~~] twelve months from
7 the inactivation date and the producer is in compliance with all
8 the requirements of chapter 431. [~~If the license is not~~
9 ~~reinstated within the twenty-four month period, the license~~
10 ~~shall automatically expire.~~"] "

11 SECTION 10. Section 431:9A-124, Hawaii Revised Statutes,
12 is amended as follows:

13 1. By amending subsection (a) to read:

14 "(a) To qualify for a license renewal, a licensee shall:

15 (1) [~~During the twenty-four months preceding~~] Preceding a
16 license renewal, complete the required number of
17 credit hours as set forth in subsection (b) in
18 approved continuing education courses; and

19 (2) Pay the fees as required under section 431:7-101."



1 2. By amending subsection (h) to read:

2 "(h) A licensee need not retake the producer license
3 examination; provided that renewal requirements in this section
4 are met or reactivation occurs within [~~two years~~] twelve months
5 of the date of inactivation."

6 SECTION 11. Section 431:9A-176, Hawaii Revised Statutes,
7 is amended by amending subsection (e) to read as follows:

8 "(e) Each owner licensed under this part shall pay to the
9 commissioner the limited lines producer's [~~application fee and~~
10 ~~license~~] fee pursuant to section 431:7-101."

11 SECTION 12. Section 431:9B-102, Hawaii Revised Statutes,
12 is amended by amending subsections (a) through (f) to read as
13 follows:

14 "(a) [~~Persons, firms, associations, and corporations~~
15 ~~acting as a reinsurance intermediary broker in this State shall~~
16 ~~maintain a license as a reinsurance intermediary broker in this~~
17 ~~State. The reinsurance intermediary broker shall maintain a~~
18 ~~license in every state where it maintains an office, either~~
19 ~~directly, as a member or employee of a firm or association, or~~
20 ~~as an officer, director, or employee of a corporation.] No
21 person, firm, association, or corporation shall act as a~~



1 reinsurance intermediary-broker in this State if the reinsurance
2 intermediary-broker maintains an office either directly or as a
3 member or employee of a firm or association, or as an officer,
4 director, or employee of a corporation:

5 (1) In this State, unless the reinsurance
6 intermediary-broker is a licensed producer or
7 reinsurance intermediary in this State; or

8 (2) In another state, unless the reinsurance
9 intermediary-broker is a licensed producer in this
10 State or another state having a law substantially
11 similar to this article.

12 ~~(b) [Persons, firms, associations, and corporations acting~~
13 ~~as a reinsurance intermediary manager for a reinsurer domiciled~~
14 ~~in this State shall maintain a license as a reinsurance~~
15 ~~intermediary manager in this State. A reinsurance intermediary~~
16 ~~manager license shall be required to act as a reinsurance~~
17 ~~intermediary manager in this State for a nondomestic reinsurer.]~~
18 No person, firm, association, or corporation shall act as a
19 reinsurance intermediary-manager in this State unless:



1 (1) In the case of a reinsurer domiciled in this State,
2 the reinsurance intermediary-manager is a licensed
3 producer in this State; or

4 (2) The reinsurance intermediary-manager maintains an
5 office either directly or as a member or employee of a
6 firm or association, or as an officer, director, or
7 employee of a corporation in this State, and is a
8 licensed producer or reinsurance intermediary in this
9 State.

10 (c) The commissioner may require a reinsurance
11 intermediary-manager subject to subsection (b) to:

12 (1) File a bond from an insurance company licensed to do
13 business within the State or with an insurance company
14 approved by the commissioner, in an amount equal to
15 \$500,000 or ten per cent of the annual reinsurance
16 premiums managed by the reinsurance
17 intermediary-manager, whichever is greater, except
18 that the bond amount under this paragraph shall not
19 exceed \$10,000,000, for the protection of the
20 reinsurer;



1 (2) Maintain an errors and omissions policy[7] with an
2 insurance company licensed to do business within the
3 State or with an insurance company approved by the
4 commissioner, in an amount equal to \$250,000 or
5 twenty-five per cent of the annual reinsurance
6 premiums managed by the reinsurance
7 intermediary-manager, whichever is greater, except
8 that the policy limits under this paragraph shall not
9 exceed \$10,000,000; and

10 (3) Provide any other report required by the commissioner.

11 At the commissioner's request, the reinsurance
12 intermediary-manager shall provide the commissioner with proof
13 of the bond and [~~the~~] policy[7] and appropriate documentation to
14 show that the bond and [~~the~~] policy continue to be in effect, or
15 that a new bond and [a] new policy have been secured.

16 (d) (1) The commissioner may issue a reinsurance intermediary
17 license to any person, firm, association, or
18 corporation that has complied with the requirements of
19 this article. Any [~~such~~] reinsurance intermediary
20 license issued to a firm or an association shall
21 authorize all the members of that firm or association



1 and any designated employees to act as reinsurance
2 intermediaries under the license, and all those
3 persons shall be named in the application and any
4 supplements thereto. Any [~~such~~] reinsurance
5 intermediary license issued to a corporation shall
6 authorize all of the officers, and any designated
7 employees and directors thereof, to act as reinsurance
8 intermediaries on behalf of the corporation, and all
9 those persons shall be named in the application and
10 any supplements thereto.

- 11 (2) If the applicant for a reinsurance intermediary
12 license is a nonresident, the applicant, as a
13 condition precedent to receiving or holding a license,
14 shall designate the commissioner as agent for service
15 of process in the manner[~~]~~ and with the same legal
16 effect[~~]~~ provided for by this article for service of
17 process upon unauthorized insurers[~~and~~]. The
18 applicant also shall furnish the commissioner with the
19 name and address of a resident of this State upon whom
20 notices or orders of the commissioner or process
21 affecting the nonresident reinsurance intermediary may



1 be served. The licensee shall promptly notify the
2 commissioner in writing of every change in its
3 designated agent for service of process, and [~~sueh~~]
4 the change shall not become effective until
5 acknowledged by the commissioner.

6 (3) The commissioner shall issue a nonresident reinsurance
7 intermediary license if:

8 (A) The applicant is currently licensed as a resident
9 reinsurance intermediary or an insurance producer
10 pursuant to article 9A and in good standing in
11 the applicant's home state;

12 (B) The applicant has submitted the proper request
13 for licensure and paid the fees required by
14 section 431:7-101;

15 (C) The applicant has submitted or transmitted to the
16 commissioner the application for licensure that
17 the applicant submitted to the applicant's home
18 state[~~7~~] or, in lieu of the same, a completed
19 uniform application; and



1 (D) The person's home state awards nonresident
2 licenses to residents of this State on the same
3 basis.

4 (e) The commissioner may refuse to issue a reinsurance
5 intermediary license if, in the commissioner's judgment, the
6 applicant, anyone named on the application, or any member,
7 principal, officer, or director of the applicant, is not
8 trustworthy, or that any controlling person of the applicant is
9 not trustworthy to act as a reinsurance intermediary, or that
10 any of the foregoing has given cause for revocation or
11 suspension of [~~such~~] the license, or has failed to comply with
12 any prerequisite for the issuance of the license. Upon written
13 request therefor, the commissioner shall furnish a summary of
14 the basis for refusal to issue a license, which document shall
15 be privileged and not subject to disclosure pursuant to
16 chapter 92F.

17 (f) Licensed attorneys at law of this State, when acting
18 in their professional capacity as such, shall be exempt from
19 this section."

20 SECTION 13. Section 431:9J-102, Hawaii Revised Statutes,
21 is amended by amending subsection (f) to read as follows:



1 "(f) The license shall be renewable or extendable
2 biennially. [~~The renewal or extension date for a license issued~~
3 ~~to a natural person shall be the sixteenth day of the licensee's~~
4 ~~birth month. The renewal or extension date for a license issued~~
5 ~~to an artificial person shall be the sixteenth day of April for~~
6 ~~a nonresident licensee, and the sixteenth day of July for a~~
7 ~~resident licensee.] The license shall remain in effect so long
8 as the fees set forth in section 431:7-101 are paid."~~

9 SECTION 14. Section 431:31-107, Hawaii Revised Statutes,
10 is amended to read as follows:

11 "**§431:31-107 Application for license and fees.** (a) A
12 sworn application for a license under this article shall be
13 filed with the commissioner on forms prescribed and furnished by
14 the commissioner.

15 (b) The application for a license shall provide the:

16 (1) Name, residence address, [~~electronic mail~~] electronic
17 mail address, and other information required by the
18 commissioner for an employee or officer of the vendor
19 that is designated by the applicant as the person
20 responsible for the vendor's compliance with the
21 requirements of this article; provided that[~~7~~] if the



1 vendor derives more than fifty per cent of its revenue
2 from the sale of portable electronics insurance, the
3 information in this paragraph shall be provided for
4 all officers, directors, and shareholders of record
5 having beneficial ownership of ten per cent or more of
6 any class of securities registered under the federal
7 securities law; and

8 (2) Location of the applicant's home office.

9 (c) Any vendor engaging in portable electronics insurance
10 transactions on or before []January 1, 2013, [] shall apply for
11 licensure within ninety days of the application's being made
12 available by the commissioner. Any applicant commencing
13 operations after []January 1, 2013, [] shall obtain a license
14 prior to offering portable electronics insurance.

15 (d) ~~[Initial licenses issued pursuant to this article~~
16 ~~shall be valid for a period of not less than twenty four months.~~
17 ~~Renewed licenses shall be valid for a period of twenty four~~
18 ~~months.] The license shall be renewable biennially. Licensing~~
19 ~~fees shall be governed by section 431:7-101.~~

20 ~~[-(e) Each vendor licensed under this article shall pay to~~
21 ~~the commissioner a fee of \$5,000 for the issuance of the initial~~

1 ~~portable electronics limited lines license, plus a license fee~~
2 ~~of \$2,500 per year for the initial or renewal term. A pro rata~~
3 ~~portion of the license fee may be applied for a partial year of~~
4 ~~the initial term.] "~~

5 SECTION 15. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 16. This Act shall take effect on January 1, 2022.

APPROVED this 28 day of JUN ,2021



GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI‘I

Date: April 27, 2021
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.


President of the Senate


Clerk of the Senate

SB No. 1098, SD 1, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives