
A BILL FOR AN ACT

RELATING TO THE REGULATORY AUTHORITY OF THE INSURANCE
COMMISSIONER.

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

1 SECTION 1. Section 431:7-101, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§431:7-101 Fees.** (a) The commissioner shall collect, in
4 advance, the following fees:

5 (1) Certificate of authority:

6 (A) Application for certificate of authority\$900

7 (B) Issuance of certificate of authority\$600

8 (C) Application for motor vehicle self-insurance

9\$300

10 (2) Organization of domestic insurers and affiliated
11 corporations:

12 (A) Application for solicitation permit\$1,500

13 (B) Issuance of solicitation permit\$150

14 (3) [~~Producer's~~] Resident producer's license:

15 (A) Issuance of regular license\$50

16 (B) Issuance of temporary license\$50

17 (4) Nonresident producer's license: Issuance\$75

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- 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

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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: Issuance5,000

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

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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;

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- 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
17 renewal of registration) for a service contract
18 provider;
- 19 [~~(14)~~] (15) \$65 per year for all services (including
20 extension of the certificate) for an approved course
21 provider;

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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
22 service approved by the commissioner. If the fee is not paid

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

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

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

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

4 SECTION 2. Section 431:8-102, Hawaii Revised Statutes, is
5 amended by amending the definitions of "business entity" and
6 "individual" to read as follows:

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

10 "Individual" means a natural person [~~or a business~~
11 ~~entity~~]."

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

14 "(e) A surplus lines broker license shall be inactivated
15 if the licensee fails to pay any required fee or penalty. A
16 surplus lines broker who allows the surplus lines broker's
17 license to become inactive for nonpayment of the renewal fee may
18 reinstate that license without the necessity of a written
19 examination; provided that the surplus lines broker:

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

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

3 ~~[The license shall automatically expire if the surplus lines~~
4 ~~broker does not reinstate the surplus lines broker's license~~
5 ~~within the twenty-four month period.]"~~

6 SECTION 4. Section 431:8-327, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "[~~§~~§431:8-327[~~§~~] **Prerequisites for license renewal.** (a)

9 To qualify for a license renewal, a licensee shall:

10 (1) [~~During the twenty-four months preceding~~] Preceding a
11 license renewal, complete the required number of
12 credit hours specified in subsection (b) in approved
13 continuing education courses; and

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

15 (b) The required number of credit hours in approved
16 continuing education courses shall be as follows:

17 (1) For a licensee authorized to sell surplus lines
18 insurance but who does not hold a producer license,
19 the requisite number of credit hours shall be twenty-
20 four credit hours, consisting of twenty-one credit
21 hours relating to property, marine and transportation,
22 vehicle, general casualty, or surety insurance, and

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1 three credit hours relating to ethics training or
2 relating to the insurance laws and rules.

3 (2) For a licensee who also holds a producer license to
4 sell life or accident and health or sickness lines of
5 insurance pursuant to article 9A, the total requisite
6 number of credit hours shall be twenty-four credit
7 hours, consisting of:

8 (A) Ten credit hours relating to life or accident and
9 health or sickness insurance;

10 (B) Eleven credit hours relating to property, marine
11 and transportation, vehicle, general casualty, or
12 surety insurance; and

13 (C) Three credit hours relating to ethics training or
14 to insurance laws and rules.

15 For purposes of this section, ethics training shall include, but
16 not be limited to, the topics of fiduciary responsibility,
17 commingling of funds, payment and acceptance of commissions,
18 unfair claims practices, policy replacement considerations, and
19 conflicts of interest.

20 (c) Continuing education equivalents, as determined and
21 approved by the commissioner, may include the teaching of
22 continuing education courses and holding certain professional

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1 designations[7] but shall not include the use of carryover
2 credit hours earned in excess of the required hours in any two-
3 year renewal cycle.

4 (d) Unless an extension of time has been granted in
5 advance by the commissioner, a licensee's failure to satisfy all
6 of the continuing education requirements by the renewal date
7 shall result in that licensee's license being automatically
8 placed on an inactive status. To reactivate a license, the
9 licensee shall submit proof to the commissioner that the
10 requisite number of credit hours has been completed, and the
11 licensee shall pay any required fees and penalties.

12 (e) After a licensee completes an approved continuing
13 education course, the approved course provider shall issue to
14 the licensee a certificate of completion in a form approved by
15 the commissioner that certifies that the licensee has
16 successfully completed the course. Both the licensee and a
17 person authorized to sign on behalf of the approved course
18 provider shall sign the certificate of completion. The approved
19 course provider shall electronically submit the certificate of
20 completion to the commissioner within fifteen days of course
21 completion.

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1 (f) This section shall not apply to a licensee granted an
2 exemption by the commissioner from this section pursuant to
3 section 431:8-322.

4 (g) The commissioner may grant an extension of time to
5 meet the requirements of this section to a licensee on extended
6 active military duty for a period of time equal to the number of
7 days the licensee was on active military duty, provided there
8 are no federal laws mandating an extension of time in a
9 specified situation.

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

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

16 "**§431:9-206 Examinations for license.** [~~(a) Each~~] Prior
17 to the issuance of the license, each applicant for license as an
18 adjuster or independent bill reviewer shall [~~prior to the~~
19 ~~issuance of any such license,~~] personally take and pass to the
20 satisfaction of the commissioner an examination given by the
21 commissioner as a test of the applicant's qualifications and
22 competence.

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

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

9 SECTION 6. Section 431:9-232, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§431:9-232 Extension of licenses.** (a) Prior to the
12 renewal or extension of a license, each licensee shall
13 [annually] pay the fee required in section 431:7-101.

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

17 An adjuster or independent bill reviewer who allows the
18 adjuster's or independent bill reviewer's license to become
19 inactive for nonpayment of the renewal fee may reinstate that
20 license without the necessity of a written examination; provided
21 that the adjuster or independent bill reviewer:

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- 1 (1) Pays the fee and a penalty in the amount of [~~fifty per~~
2 ~~cent of~~] double the then-unpaid fees within [~~twenty-~~
3 ~~four~~] twelve months from the inactivation date; and
4 (2) Is in compliance with all the requirements of chapter
5 431.

6 [~~The license shall automatically expire if the adjuster or~~
7 ~~independent bill reviewer does not reinstate the license within~~
8 ~~the twenty-four month period.~~]

9 (c) When the commissioner issues or extends a license, the
10 commissioner shall:

11 (1) Determine the extension date, which is that date prior
12 to which the license must be extended; and

13 (2) Notify the licensee in writing of the extension date.

14 The extension date shall be any date not less than one year and
15 not more than three years after the date of the issue or the
16 last extension of the license."

17 SECTION 7. Section 431:9A-102, Hawaii Revised Statutes, is
18 amended by amending the definitions of "business entity" and
19 "individual" to read as follows:

20 ""Business entity" means an association, corporation,
21 [~~individual,~~] limited liability company, limited liability
22 partnership, partnership, [~~person,~~] or other legal entity.

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1 "Individual" means a natural person [~~or a business~~
2 ~~entity~~]."

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

5 "(a) A person applying for an insurance producer license
6 shall make application to the commissioner on the uniform
7 application and declare under penalty of denial, suspension, or
8 revocation of the license that the statements made in the
9 application are true, accurate, and complete to the best of the
10 applicant's knowledge and belief. Before approving the
11 application, the commissioner shall find that the applicant:

- 12 (1) Is at least eighteen years of age;
- 13 (2) Has not committed any act that is a ground for a
14 licensure sanction set forth in section 431:9A-112;
- 15 (3) Has paid the applicable fees set forth in section
16 431:7-101;
- 17 (4) Has passed, within the two years immediately preceding
18 the [~~date of the examination or~~] issuance of the
19 license, [~~whichever is later,~~] the applicable
20 examination for each line of authority for which the
21 applicant has applied; and

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1 (5) Has submitted a full set of fingerprints, including a
2 scanned file from a hard copy fingerprint, for the
3 commissioner to obtain and receive national and state
4 criminal history checks from the Federal Bureau of
5 Investigation and the Hawaii criminal justice data
6 center, pursuant to section 846-2.7."

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

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

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

21 (1) By amending subsection (a) to read as follows:

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

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

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

8 (2) By amending subsection (h) to read as follows:

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

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

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

18 SECTION 12. Section 431:9B-102, Hawaii Revised Statutes,
19 is amended to read as follows:

20 "**§431:9B-102 Licensure.** (a) ~~[Persons, firms,~~
21 ~~associations, and corporations acting as a reinsurance~~
22 ~~intermediary broker in this State shall maintain a license as a~~

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1 ~~reinsurance intermediary broker in this State. The reinsurance~~
2 ~~intermediary broker shall maintain a license in every state~~
3 ~~where it maintains an office, either directly, as a member or~~
4 ~~employee of a firm or association, or as an officer, director,~~
5 ~~or employee of a corporation.] No person, firm, association, or~~
6 ~~corporation shall act as a reinsurance intermediary broker in~~
7 ~~this State if the reinsurance intermediary broker maintains an~~
8 ~~office either directly or as a member or employee of a firm or~~
9 ~~association, or as an officer, director, or employee of a~~
10 ~~corporation:~~

11 (1) In this State, unless the reinsurance intermediary
12 broker is a licensed producer or reinsurance
13 intermediary in this State; or

14 (2) In another state, unless the reinsurance intermediary
15 broker is a licensed producer in this State or another
16 state having a law substantially similar to this law.

17 (b) ~~[Persons, firms, associations, and corporations acting~~
18 ~~as a reinsurance intermediary manager for a reinsurer domiciled~~
19 ~~in this State shall maintain a license as a reinsurance~~
20 ~~intermediary manager in this State. A reinsurance intermediary-~~
21 ~~manager license shall be required to act as a reinsurance~~
22 ~~intermediary manager in this State for a nondomestic reinsurer.]~~

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1 No person, firm, association, or corporation shall act as a
2 reinsurance intermediary manager:

3 (1) For a reinsurer domiciled in this State, unless the
4 reinsurance intermediary manager is a licensed
5 producer in this State;

6 (2) In this State if the reinsurance intermediary manager
7 maintains an office either directly or as a member or
8 employee of a firm or association, or as an officer,
9 director, or employee of a corporation in this State,
10 unless the reinsurance intermediary manager is a
11 licensed producer or reinsurance intermediary in this
12 State.

13 (c) The commissioner may require a reinsurance
14 intermediary[-]manager subject to subsection (b) to:

15 (1) File a bond from an insurance company licensed to do
16 business within the State or with an insurance company
17 approved by the commissioner, in an amount equal to
18 \$500,000 or ten per cent of the annual reinsurance
19 premiums managed by the reinsurance intermediary[-]
20 manager, whichever is greater, except that the bond
21 amount under this paragraph shall not exceed
22 \$10,000,000, for the protection of the reinsurer;

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1 (2) Maintain an errors and omissions policy[~~r~~] 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 intermediary[-]
7 manager, whichever is greater, except that the policy
8 limits under this paragraph shall not exceed
9 \$10,000,000; and

10 (3) Provide any other report required by the commissioner.
11 At the commissioner's request, the reinsurance intermediary[-]
12 manager shall provide the commissioner with proof of the bond
13 and [~~the~~] policy[~~r~~] and appropriate documentation to show that
14 the bond and [~~the~~] policy continue to be in effect, or that a
15 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
22 and any designated employees to act as reinsurance

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

10 (2) If the applicant for a reinsurance intermediary
11 license is a nonresident, the applicant, as a
12 condition precedent to receiving or holding a license,
13 shall designate the commissioner as agent for service
14 of process in the manner[~~7~~] and with the same legal
15 effect[~~7~~] provided for by this article for service of
16 process upon unauthorized insurers[~~7 and~~]. The
17 applicant shall also furnish the commissioner with the
18 name and address of a resident of this State upon whom
19 notices or orders of the commissioner or process
20 affecting the nonresident reinsurance intermediary may
21 be served. The licensee shall promptly notify the
22 commissioner in writing of every change in its

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1 designated agent for service of process, and [~~such~~]
2 the change shall not become effective until
3 acknowledged by the commissioner.

4 (3) The commissioner shall issue a nonresident reinsurance
5 intermediary license if:

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

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

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

18 (D) The person's home state awards nonresident
19 licenses to residents of this State on the same
20 basis.

21 (e) The commissioner may refuse to issue a reinsurance
22 intermediary license if, in the commissioner's judgment, the

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1 applicant, anyone named on the application, or any member,
2 principal, officer, or director of the applicant, is not
3 trustworthy, or that any controlling person of the applicant is
4 not trustworthy to act as a reinsurance intermediary, or that
5 any of the foregoing has given cause for revocation or
6 suspension of [~~such~~] the license, or has failed to comply with
7 any prerequisite for the issuance of the license. Upon written
8 request therefor, the commissioner shall furnish a summary of
9 the basis for refusal to issue a license, which document shall
10 be privileged and not subject to disclosure pursuant to chapter
11 92F.

12 (f) Licensed attorneys at law of this State, when acting
13 in their professional capacity as such, shall be exempt from
14 this section.

15 (g) Licensing procedure, duration, and related matters
16 affecting reinsurance intermediaries shall be governed by
17 articles 7 and 9A."

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

20 "(f) The license shall be renewable or extendable
21 biennially. [~~The renewal or extension date for a license issued~~
22 ~~to a natural person shall be the sixteenth day of the licensee's~~

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

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

8 "**§431:31-107 Application for license and fees.** (a) A
9 sworn application for a license under this article shall be
10 filed with the commissioner on forms prescribed and furnished by
11 the commissioner.

12 (b) The application for a license shall provide the:
13 (1) Name, residence address, electronic-mail address, and
14 other information required by the commissioner for an
15 employee or officer of the vendor that is designated
16 by the applicant as the person responsible for the
17 vendor's compliance with the requirements of this
18 article; provided that[7] if the vendor derives more
19 than fifty per cent of its revenue from the sale of
20 portable electronics insurance, the information in
21 this paragraph shall be provided for all officers,
22 directors, and shareholders of record having

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1 beneficial ownership of ten per cent or more of any
2 class of securities registered under the federal
3 securities law; and

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

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

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

16 ~~[(e) Each vendor licensed under this article shall pay to~~
17 ~~the commissioner a fee of \$5,000 for the issuance of the initial~~
18 ~~portable electronics limited lines license, plus a license fee~~
19 ~~of \$2,500 per year for the initial or renewal term. A pro rata~~
20 ~~portion of the license fee may be applied for a partial year of~~
21 ~~the initial term.]"~~

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1 SECTION 15. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 16. This Act, upon its approval, shall take effect
4 on January 1, 2022.

5

6

INTRODUCED BY: _____



7

BY REQUEST

JAN 25 2021

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Report Title:

Producer; Adjuster; Independent Licensing; Reinsurance; Licensing; National Association of Insurance Commissioners; Fees; Applications; Certificates; Registrations; Renewals; Chapter 431

Description:

Adopts certain provisions of the National Association of Insurance Commissioners' Producer Licensing Model Act, Public Adjuster Licensing Model Act, Reinsurance Intermediary Model Act, and Independent Adjuster Licensing Model Guidelines to provide consistency and promote efficiency in processing insurance licensing fees, applications, certificates, registrations, and renewals.

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

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO THE REGULATORY AUTHORITY OF THE INSURANCE COMMISSIONER.

PURPOSE: To adopt certain provisions of the National Association of Insurance Commissioners' (NAIC) Producer Licensing Model Act (PLMA), Public Adjuster Licensing Model Act, Reinsurance Intermediary Model Act, and Independent Adjuster Licensing Model Guidelines to provide consistency and promote efficiency in processing insurance licensing fees, applications, certificates, registrations, and renewals.

MEANS: Amend sections 431:7-101, 431:8-102, 431:8-310(e), 431:8-327, 431:9-206, 431:9-232, 431:9A-102, 431:9A-106(a), 431:9A-107(c), 431:9A-124(a) and (h), 431:9A-176(e); 431:9B-102, 431:9J-102(f), and 431:31-107, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, chapter 431, article 7, HRS, does not list all licenses, registrations, and fees issued by the Department of Commerce and Consumer Affairs' Insurance Division. While fees are set forth elsewhere in title 24, HRS, the absence of those same fees from article 7 may lead to confusion.

When Hawaii first adopted the PLMA in 2001, it decreased the penalties for late renewals and registrations by half to facilitate the industry's transition to the PLMA. Now that the industry has had sufficient time to adjust to the PLMA, decreased penalty amounts are no longer needed.

Various provisions in title 24, HRS, are obsolete and inconsistent with the NAIC's PLMA, Public Adjuster Licensing Model Act,

Reinsurance Intermediary Model Act,
Nonadmitted Insurance Model Act, and
Independent Adjuster Licensing Model
Guidelines.

Impact on the public: This bill will make
the electronic processing of insurance
licensing fees, certificates, registrations,
and renewals more efficient, accurate, and
timely.

Impact on the department and other agencies:
This bill will facilitate the Insurance
Division's transition to the electronic
processing of insurance licensing fees,
certificates, registrations, and renewals.
It will also reduce physical storage needs
within the Insurance Division and facilitate
the timely availability of funds paid to the
State.

GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: CCA-106.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: January 1, 2022.