

JAN 17 2025

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 431:19-108, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§431:19-108 Examinations, investigations, and financial**
4 **surveillance[-]; certificate of exemption.** (a) The

5 commissioner or any authorized examiner may conduct an
6 examination, investigation, or financial surveillance of any
7 captive insurance company as often as the commissioner deems
8 appropriate; provided that, unless exempt or the commissioner
9 requires otherwise:

10 (1) An examination shall be conducted at least once every
11 five years for all captive insurance companies, except
12 as provided in paragraph (2); and

13 (2) An examination of a risk retention captive insurance
14 company shall be conducted no later than three years
15 after its formation and at least once every five years
16 thereafter.



1 The commissioner or any authorized examiner shall
2 thoroughly inspect and examine the captive insurance company's
3 affairs to ascertain its financial condition, its ability to
4 fulfill its obligations, and whether it has complied with this
5 article.

6 (b) The powers, authorities, and duties relating to
7 examinations vested in and imposed upon the commissioner under
8 section 431:2-301 through section 431:2-307.5 of the code are
9 extended to and imposed upon the commissioner in respect to
10 examinations of captive insurance companies.

11 (c) All examination reports, preliminary examination
12 reports or results, working papers, recorded information,
13 documents, and copies thereof produced by, obtained by, or
14 disclosed to the commissioner or any person in the course of an
15 examination made under this section are confidential and are not
16 subject to subpoena and may not be made public by the
17 commissioner or an employee or agent of the commissioner without
18 the written consent of the company, except to the extent
19 provided in this subsection. Nothing in this subsection shall
20 prevent the commissioner from using information in furtherance
21 of the commissioner's regulatory authority under this title.



1 The commissioner may grant access to the information to public
2 officers having jurisdiction over the regulation of insurance in
3 any other state or country, or to law enforcement officers of
4 this State or any other state or agency of the federal
5 government at any time, so long as the officers receiving the
6 information agree in writing to hold it in a manner consistent
7 with this section.

8 (d) Each branch captive insurance company shall file
9 annually with the commissioner a certificate of compliance
10 issued by the insurance regulatory authority of the jurisdiction
11 in which the outside captive insurance company of the branch
12 captive insurance company is domiciled along with certified
13 copies of any examination reports conducted of the outside
14 captive insurance company by its domiciliary insurance regulator
15 during the preceding calendar year. These filings shall be made
16 with the commissioner by March 1 of each year. So long as the
17 branch captive insurance company complies with the requirements
18 of this subsection, and unless otherwise deemed necessary by the
19 commissioner, any examination of the branch captive insurance
20 company under this subsection shall be only with respect to the
21 business underwritten by the branch captive insurance company in



1 this State. If necessary, however, the commissioner may examine
2 the outside captive insurance company of any branch captive
3 insurance company licensed under this article.

4 (e) Except for a risk retention captive insurance company,
5 a captive insurance company may apply to the commissioner for a
6 certificate of exemption from examination; provided that the
7 captive insurance company applicant has:

8 (1) Satisfactorily completed at least one examination
9 under this section;

10 (2) Filed and continues to file all financial statements
11 and other reports and otherwise complies with all
12 other provisions of this article; and

13 (3) Demonstrated other good cause supporting its
14 application for exemption from further examination.

15 (f) If the commissioner is satisfied with the captive
16 insurance company's application, the commissioner may issue a
17 certificate of exemption from examination along with renewals
18 thereof.

19 (g) Unless previously revoked by the commissioner for good
20 cause, a certificate of exemption from examination shall be
21 valid for a term not to exceed five years from its effective



1 date. A captive insurance company may apply to the commissioner
2 for renewal of a certificate of exemption from examination no
3 earlier than six months before the expiration date of the
4 applicant's certificate of exemption."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

A large, bold, handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be the initials 'JL' or similar.

S.B. NO. 1050

Report Title:

Insurance; Captive Insurance Companies; Insurance Commissioner;
Certificate of Exemption; Examinations

Description:

Allows captive insurance companies that are not risk retention
captive insurance companies to apply to the Insurance
Commissioner for certificates of exemption from examination
after meeting certain requirements.

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

