

JAN 21 2026

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 431:19-101, Hawaii Revised Statutes, is
2 amended by adding two new definitions to be appropriately
3 inserted and to read as follows:

4 "Common interest association" means an association,
5 cooperative, or similar entity formed pursuant to chapter 421J,
6 chapter 514B, or similar law, that is responsible for the
7 operation of property held in common by its members.

8 "Residential association captive insurance company" means a
9 captive insurance company formed either individually or in
10 combination with two or more common interest associations or
11 condominium associations, to provide property and casualty
12 insurance coverage for common elements and association-level
13 risks, either through a protected cell structure or a
14 traditional association captive."

15 SECTION 2. Section 431:19-102, Hawaii Revised Statutes, is
16 amended to read as follows:



1 **"§431:19-102 Certificate of authority.** (a) When
2 permitted by an applicant captive insurance company's
3 organizational documents, the applicant captive insurance
4 company may apply to the commissioner for a certificate of
5 authority to do any and all insurance set forth in subsection
6 (h); provided that:

7 (1) No pure captive insurance company may insure or
8 reinsure any risks other than those of its parent,
9 affiliated entities, and controlled unaffiliated
10 businesses, which shall be approved on a case by case
11 basis;

12 (2) No association captive insurance company may insure
13 any risks other than those of its association, those
14 of the member organizations of its association, and
15 those of a member organization's affiliated entities;

16 (3) Unless otherwise allowed under section 431:19-102.2,
17 no captive insurance company may provide personal
18 motor vehicle or homeowner's insurance coverage or any
19 component thereof, other than as:



S.B. NO. 2299

(A) Employee benefits for the employees of a parent, association, or its members, and their respective affiliated entities; or

(B) Reinsurance as may be allowed under this article; and

(4) No captive insurance company may accept or cede insurance except as provided in section 431:19-111.

(b) No captive insurance company shall do any insurance business in this State unless:

(1) It first obtains from the commissioner a certificate of authority authorizing it to do insurance business in this State;

(2) Its governing body holds at least one meeting each year in this State;

(3) It maintains its principal place of business and registered office in this State, except that a branch captive insurance company need only maintain the principal place of a business unit in this State; and

(4) It designates a registered resident agent in accordance with chapter 414, 414D, or 428, as applicable, to accept service of process and to



1 otherwise act on its behalf in this State. Whenever
2 the registered resident agent cannot, with reasonable
3 diligence, be found at the registered office of the
4 captive insurance company, the commissioner shall be
5 an agent of the captive insurance company upon whom
6 any process, notice, or demand may be served in
7 accordance with section 431:2-206.

8 (c) Before an applicant captive insurance company receives
9 a certificate of authority, the applicant captive insurance
10 company shall file with the commissioner:

- 11 (1) A certified copy of its organizational documents;
12 (2) A statement under oath of:
13 (A) Any two of its principal officers;
14 (B) Its attorney-in-fact in the case of a captive
15 insurance company formed as a reciprocal insurer;
16 or
17 (C) The duly authorized representative of its
18 governing body,
19 showing its financial condition; and
20 (3) Any other statements or documents required by the
21 commissioner.



1 (d) In addition to the information required by
2 subsection (c), each applicant captive insurance company shall
3 file with the commissioner evidence of the following:

4 (1) The amount and liquidity of its assets relative to the
5 risks to be assumed;

6 (2) The adequacy of the expertise, experience, and
7 character of the person or persons who will manage it;

8 (3) The overall soundness of its plan of operation,
9 including the net retained risk on any one subject of
10 insurance;

11 (4) The adequacy of the loss prevention programs of its
12 parent or member organizations as applicable; and

13 (5) Any other factors deemed relevant by the commissioner
14 in ascertaining whether the proposed captive insurance
15 company will be able to meet its policy obligations.

16 (e) Each applicant captive insurance company shall pay to
17 the commissioner a nonrefundable application fee for examining,
18 investigating, and processing its application for the
19 certificate of authority. Upon approval of the application for
20 the certificate of authority, the applicant captive insurance
21 company shall pay to the commissioner a license fee for the



1 certificate of authority. Thereafter, the captive insurance
2 company shall pay to the commissioner an annual renewal fee.
3 The amount of the nonrefundable application fee, license fee,
4 and renewal fee shall be set forth in rules adopted by the
5 commissioner. In addition, the commissioner may adopt rules
6 with respect to fees for the issuance of other documents as may
7 be deemed necessary or requested by captive insurance companies.

8 (f) The commissioner may use independent advisors and
9 consultants to assist in the review and analysis of a specific
10 application or business plan amendment. The independent
11 advisory and consulting fee, to be paid by the applicant captive
12 insurance company, shall be a reasonable fee authorized by the
13 commissioner pursuant to section 431:19-114.

14 (g) If the commissioner is satisfied that the documents
15 and statements filed by the captive insurance company comply
16 with this article, the commissioner may issue a certificate of
17 authority authorizing it to do insurance business in this State
18 until April 1 thereafter, which certificate of authority may be
19 renewed.

20 (h) A captive insurance company may engage in the business
21 of any of the following types of insurance:



S.B. NO. 2299

- 1 (1) All casualty insurance;
- 2 (2) Marine and transportation insurance;
- 3 (3) Marine protection and indemnity insurance, which
- 4 includes insurance against, or against legal liability
- 5 of the insured for loss, damage, or expense arising
- 6 out of or incident to, the ownership, operation,
- 7 chartering, maintenance, use, repair, or construction
- 8 of a vessel, craft, or instrumentality in use in ocean
- 9 or inland waterways, including liability of the
- 10 insured for personal injury, illness, death, or for
- 11 loss of or damage to the property of another person;
- 12 (4) Wet marine and transportation insurance, which is that
- 13 part of marine and transportation insurance that
- 14 includes only:
 - 15 (A) Insurance upon vessels, crafts, hulls, and of
 - 16 interests therein or with relation thereto;
 - 17 (B) Insurance of marine builder's risks, marine war
 - 18 risks and contracts, or marine protection and
 - 19 indemnity insurance;
 - 20 (C) Insurance of freights and disbursements
 - 21 pertaining to a subject of insurance; and



S.B. NO. 2299

1 (D) Insurance of personal property and interests
2 therein, in the course of exportation from or
3 importation into any country, and in the course
4 of transportation coastwise or on inland waters,
5 including transportation by land, water, or air
6 from point of origin to final destination, with
7 respect to, appertaining to, or in connection
8 with any and all risks or perils of navigation,
9 transit, or transportation, and while being
10 prepared for and while awaiting shipment, and
11 during delays, storage, transshipment, or
12 reshipment incident thereto;

13 (5) Property insurance;

14 (6) Surety insurance;

15 (7) Title insurance;

16 (8) Credit life insurance and credit disability insurance
17 offered as part of, or relating directly to the
18 business or operations of its parent or affiliated
19 entities; and

20 (9) Other lines of insurance that the commissioner may
21 allow.



1 (i) No risk retention captive insurance company may insure
2 any risks other than those allowed under chapter 431K.

3 (j) Notwithstanding any other provision to the contrary, a
4 residential association captive insurance company organized
5 under this article may insure or reinsure property and casualty
6 risks, including real and personal property located within
7 common interest communities, condominium projects, and planned
8 communities, and the liability exposures of the association and
9 its members with respect to the ownership and maintenance of
10 common property.

11 In carrying out the provisions of this subsection, the
12 commissioner is authorized to establish:

13 (1) Minimum capital and surplus tiers proportional to
14 common interest association size or total insured
15 value;

16 (2) Mandatory reinsurance above certain retention levels;

17 (3) Requirements for annual disclosures to owners;

18 (4) Approval requirements for business plans and actuarial
19 studies; and

20 (5) Dissolution rules,



S.B. NO. 2299

1 that shall apply to residential association captive insurance
2 companies formed pursuant to this article.

3 For the purposes of this subsection, the coverage shall not
4 be deemed personal lines insurance pursuant to section
5 431:19-102.2."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2026.

8

INTRODUCED BY: Carol F. Amodeo



S.B. NO. 2299

Report Title:

Insurance Commissioner; Captive Insurance; Condominiums; Planned Community Associations; Common Interest Associations; Residential Association Captive Insurance Companies; Authorized

Description:

Establishes provisions authorizing common interest associations to form and participate in residential association captive insurance companies under certain conditions. Authorizes the Insurance Commissioner to regulate residential association captive insurance companies.

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

