

ACT 112

An Act Pertaining to the Hawaii Insurance Law.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. Item (2) of paragraph (a) of section 181-83, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“(2) have capital funds as required by this chapter based upon the type and domicile of the insurer and the classes of insurance which such insurer is authorized to transact in its domicile; and”

SECTION 2. Paragraph (a) of section 181-83, Revised Laws of

Hawaii 1955, is hereby further amended by renumbering item (5) to read item (6) and by adding thereto a new item (5) to read as follows:

“(5) have continuously, actively and successfully transacted the business of insurance for at least five years immediately prior thereto, except that in the case of a reorganization (including a merger, corporate acquisition or formation of a subsidiary) of a capital stock or mutual insurer the five-year period shall be computed from the date of the organization of the original or parent insurer or insurers if substantially the same management continues; and”

SECTION 3. Paragraph (b) of section 181-83, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“(b) Items (4) and (5) of paragraph (a) of this section shall not apply to a domestic insurer.”

SECTION 4. Section 181-88, Revised Laws of Hawaii 1955, is hereby amended by inserting after the word “insurance” in the third line of said section the following: “and subject to the provisions of section 181-83 (a) (2).”.

SECTION 5. Section 181-89, Revised Laws of Hawaii 1955, is hereby amended by deleting the colon in the ninth line of said section and inserting after the word “transacted” in said ninth line the following: “in the case of a domestic insurer, and in the case of a foreign or alien insurer not less than fifty percent of the capital stock or surplus otherwise required for the class or classes of insurance which such insurer is authorized to transact in its domicile;”.

SECTION 6. Section 181-90 (a), Revised Laws of Hawaii 1955, is hereby amended by inserting after the comma in the ninth line of said section the following: “and subject to the provisions of section 181-83 (a) (2).”.

SECTION 7. Paragraph (a) of section 181-106, Revised Laws of Hawaii 1955, is hereby amended by changing the date appearing in the second line thereof from “April 30” to “March 15”.

SECTION 8. Section 181-312, Revised Laws of Hawaii 1955, as amended, is hereby further amended by changing the date appearing in the third line thereof from “April 30” to “March 15”.

SECTION 9. Section 181-136, Revised Laws of Hawaii 1955, is hereby amended by adding thereto a new paragraph (d) to read as follows:

“(d) Any such solicitation permit granted by the commissioner shall limit the portion of funds received on account of such new issue of corporate securities which may be used for promotion and sales expenses for the new issue to such amount as the commissioner deems adequate, but in no event to exceed fifteen percent of such funds as and when actually received.”

SECTION 10. Section 181-216, Revised Laws of Hawaii 1955, is hereby repealed.

SECTION 11. Section 181-420(f) of the Revised Laws of Hawaii 1955, as amended, is hereby further amended by renumbering subsection (7) thereof to read subsection (8) and by adding thereto a new subsection (7) to read as follows:

“(7) An insurer may affix to the policy or include therein a written statement that the policy does not cover loss or damage by fire to sugar cane caused by volcanic activity; provided, however, that nothing herein contained shall be construed to prohibit the attachment to any such policy of an endorsement or endorsements specifically assuming coverage for loss or damage by fire to sugar cane caused by volcanic activity.”

SECTION 12. Section 181-641, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“**Section 181-641. Purpose of sections on unfair practices.** The purpose of sections 181-641 to 181-646 is to regulate trade practices in the business of insurance in accordance with the intent of Congress of the United States as expressed in the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress), by defining, or providing for the determination of, all acts, methods, and practices which constitute unfair methods of competition or unfair or deceptive acts or practices in this State, and in the case of persons domiciled in or resident of this State, in any other state, territory, possession, province, country, or district, and by prohibiting the trade practices so defined or determined.”

SECTION 13. Section 181-642, Revised Laws of Hawaii 1955, is hereby amended by adding a new sentence thereto to be inserted between the first sentence and the second sentence in said section to read as follows: “No person domiciled in or resident of this State shall engage in any other state, territory, possession, province, country, or district in any act or practice which is prohibited in sections 181-641 to 181-646, or which is defined therein as, or determined pursuant thereto, to be an unfair method of competition or any unfair or deceptive act or practice in the business of insurance.”

SECTION 14. Section 181-644, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“**Section 181-644. Power of commissioner.** The commissioner shall have power to examine and investigate into the affairs of every person engaged in the business of insurance in this State and of any person domiciled in or resident of this State engaged in the business of insurance in any other state, territory, possession, province, country, or district in order to determine whether such person has been or is engaged in any unfair method of competition or in any unfair or deceptive act or practice prohibited by section 181-643.”

SECTION 15. Paragraph (a) of section 181-645, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“(a) If, after a hearing thereon of which notice of such hearing and of the charges against him were given such person, the commissioner finds that any person has engaged or is engaging in any act or practice defined in or prohibited under section 181-643 in this State or that any person domiciled in or resident of this State has engaged or is engaging in any act or practice defined in or prohibited under section 181-643 in any other state, territory, possession, province, country, or district, the commissioner shall order such person to desist from such act or practice.”

SECTION 16. Paragraph (a) of section 181-646, Revised Laws of Hawaii 1955, is hereby amended by deleting the word “Territory” appearing in the third line of said paragraph and substituting therefor

the following: "State, or that any person domiciled in or resident of this State is engaging in any other state, territory, possession, province, country, or district,".

SECTION 17. Section 181-138 (e) (1), Revised Laws of Hawaii 1955, is hereby amended by amending said item to read as follows:

"(1) "The name of the insurer, which shall include the word 'Insurance' and, as the last word thereof, one of the words 'Corporation,' 'Incorporated' or 'Limited' or, one of the abbreviations 'Corp.,' 'Inc.' or 'Ltd.'"

SECTION 18. Section 181-105, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

"**Section 181-105. Exceptions.** The provisions of section 181-104 shall not apply to reinsurance contracts between insurers, to life insurance, to bid bonds issued by any surety insurer in connection with any public or private contract, or to insurance contracts:

- (a) Issued as a surplus line under 181-325.
- (b) Covering ocean marine insurance.
- (c) Issued by a domestic insurer, if countersigned by an executive officer or other employee whose compensation is entirely by salary."

SECTION 19. This Act shall become effective on January 1, 1964.

(Approved May 29, 1963.) **S.B. 640.**
