

## ACT 83

H.B. NO. 2590-74

A Bill for an Act Relating to Insurance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 431-288, Hawaii Revised Statutes, is amended to read:

**“Sec. 431-288. Preferred or guaranteed stocks or shares.** An insurer may invest any of its funds, in an aggregate amount not exceeding fifteen per cent of its assets in preferred or guaranteed stocks or shares, other than common stocks, of solvent institutions existing under the laws of the United States or of any state, district, or territory thereof, if all of the prior obligations and prior preferred stocks, if any, of such institution at the date of acquisition by the insurer are eligible as investments under sections 431-281 to 431-311; and if qualified under either of the following:

“(1) Preferred stocks or shares shall be deemed qualified if both these requirements are met:

- (A) The net earnings of the institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by the insurer must have averaged per year not less than one and one-half times the sum of its average annual fixed charges, if any, its average annual maximum contingent interest, if any, and its average annual preferred dividend requirements applicable to the period; and
  - (B) During each of the last two years of such period the net earnings must have been not less than one and one-half times the sum of its fixed charges, contingent interest, and preferred dividend requirements for such year. The term preferred dividend requirements shall be deemed to mean cumulative or non-cumulative dividends whether paid or not.
- (2) Guaranteed stocks or shares shall be deemed qualified if the assuming or guaranteeing institution meets the requirements of section 431-285(1), construed so as to include as a fixed charge the amount of guaranteed dividends of such issue or the rental covering the guarantee of such dividends.”

SECTION 2. Statutory material to be repealed is bracketed. In printing this Act the Revisor of Statutes need not include the brackets or the bracketed material.\*

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

(Approved May 30, 1974.)

---

\*Edited accordingly.