

ACT 144

H.B. NO. 440

A Bill for an Act Relating to Motor Vehicle Insurance.

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

SECTION 1. Section 294-9, Hawaii Revised Statutes, is amended to read as follows:

**“§294-9 Obligations upon termination of insurance.** (a) An owner of a motor vehicle registered in this State who fails to maintain insurance as required by section 294-8, shall immediately surrender the registration certificate and license

plates for the vehicle to the county director of finance and [may] shall not operate or permit operation of the vehicle in this State until insurance has again been obtained.

(b) Except as provided in subsection (d), an application for a no-fault policy, including required optional additional insurance meeting provisions of section 294-11, covering a motor vehicle [may] shall not be rejected by an insurer authorized to issue [such] a no-fault policy unless:

- (1) The principal operator of [such] the vehicle does not have a license which permits [him] the operator to operate [such] the vehicle, or
- (2) The application is not accompanied by a reasonable portion of the premium, as determined under [regulations] rules of the commissioner.

(c) A no-fault policy, including required optional additional insurance meeting provisions of section 294-11, once issued [may] shall not be canceled or refused renewal by an insurer except for:

- (1) Suspension or revocation of the license of the principal operator to operate the type of motor vehicle insured, or
- (2) Failure to pay the premium for [such] the policy after reasonable demand therefor.

An insurer may refuse to renew optional additional coverage in excess of that which the insurer is required to make available to the insured under section 294-11 where the insured is a member of a class set forth in section 294-22(b)(1)(A) or (B) at the time of the refusal to renew. In any case of cancellation or refusal to renew, the insurer shall continue all no-fault and optional additional coverages in force, to the date of expiration, or for thirty days following notice, whichever date first occurs. Within fifteen days of a cancellation, the insurer shall refund the pro rata unearned portion, if any, of any prepaid premiums. In any case of cancellation or refusal to renew, written notice shall be given to the insured, not less than thirty days prior to the effective date of [such] the cancellation or refusal to renew. [Such] The cancellation or refusal to renew shall not be deemed valid unless supported by a certificate of mailing properly validated by the United States Postal Service.

If the insurer has manifested in writing an offer to renew to the named insured at least thirty days prior to the end of the policy period and the offer is not accepted before the expiration of the policy term, the policy shall lapse upon that expiration date and this subsection shall not apply. Notwithstanding other valid methods of acceptance, an offer shall be deemed accepted as of the date of mailing of the acceptance. The date of mailing may be evidenced by the postmark or a certificate of mailing properly validated by the United States Postal Service.

(d) An insurer may reject or refuse to accept additional applications for, or refuse to renew no-fault policies [(1) if]:

- (1) If the commissioner determines that the financial soundness of [such] the insurer would be impaired by the writing of additional policies of [such] insurance[, or (2) such]; or
- (2) The insurer ceases to write any new policies of insurance of any kind in this State.

(e) Whoever knowingly violates, or conspires to violate, the provisions of subsection (b) or (c) shall be assessed a civil penalty in an amount not to exceed

\$1,000 for each separate violation. Each violation of subsection (b) with respect to policyholder or applicant for insurance shall constitute a separate violation.

(f) The principles of law and equity regarding fraud and misrepresentation of material fact shall apply with respect to optional additional coverages which are in excess of those which the insurer is required to make available to insureds under section 294-11."

SECTION 2. This Act does not affect rights and duties which matured, penalties which were incurred, or proceedings which were begun prior to its effective date.

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 4. This Act shall take effect on July 1, 1983.

(Approved May 28, 1983.)