

ACT 113

H.B. NO. 1937-86

A Bill for an Act Relating to Insurance Companies, Freedom of Choice of.
Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 479, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§479- Scope of chapter. This chapter shall apply only to loans made by lenders engaged in the regular business of making loans.”

SECTION 2. Section 479-2, Hawaii Revised Statutes, is amended to read as follows:

“§479-2 Written notice required. Any corporation, copartnership, association, individual, or group of individuals making a loan and requiring that the borrower carry insurance as a condition to the making of the loan, shall give the borrower written notice that [he is free to procure the required insurance policy from any insurance company authorized to do business in the State.] the lender may not make the granting of the loan contingent on the procuring of the insurance policy with an insurance company designated by the lender. Written notice substantially stating that the insurer for any required insurance may be chosen by the borrower will also constitute compliance with this section.”

SECTION 3. Section 479-3, Hawaii Revised Statutes, is amended to read as follows:

“§479-3 [Violation bars recovery of loan.] Civil penalty. Violation of this chapter shall [constitute a bar to the recovery of any part of the interest] entitle the borrower to recovery of a civil penalty of \$5,000 in any proceeding at law[,] brought within three years of the violation or by way of recoupment and the violator shall be liable further for the actual damages of the borrower, if any, reasonable attorneys’ fees and court costs.”

SECTION 4. Section 479-4, Hawaii Revised Statutes, is amended to read as follows:

“§479-4 [Penalty.] Criminal penalty. Violation of this chapter which is knowing and intentional shall also constitute a misdemeanor [and shall be punishable by a fine of not more than \$1,000 or imprisonment of not more than one year, or both].”

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 6. This Act shall take effect upon its approval.

(Approved April 30, 1986.)

Note

1. Edited pursuant to HRS §23G-16.5.