

ACT 122

H.B. NO. 2404

A Bill for an Act Relating to Professional Corporations.

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

SECTION 1. Section 415A-11, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) Except as otherwise provided by statute, if any corporation is liable under subsection (b), every shareholder of that corporation shall be liable to the same extent as though the shareholder were a partner in a partnership and the services giving rise to liability had been rendered on behalf of the partnership, unless the corporation has provided security for professional responsibility as provided in this subsection and the liability is satisfied to the extent contemplated by the insurance or bond which effectuates the security.

A professional corporation may provide security for professional responsibility by procuring insurance or a surety bond issued by an insurance company, or [a] coverage under chapter 435E, or any combination thereof, as the corporation may elect. The minimum amount of security and requirements as to the form and coverage provided by the insurance policy or surety bond may be established for each profession by the licensing authority for the profession, and the minimum amount may be set to vary with the number of shareholders, the type of practice, or other variables deemed appropriate by the licensing authority.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

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

(Approved May 27, 1988.)