

A Bill for an Act Relating to Insurance.

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

PART I

SECTION 1. The purpose of this part is to protect the public, maintain high standards of professional competence in the insurance industry, and improve the insurance skills and knowledge of general agents, subagents, solicitors, designated representatives, and nonresident agents licensed by the department of commerce and consumer affairs, by prescribing minimum continuing education in approved subjects.

SECTION 2. Article 9 of chapter 431, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

“PART . CONTINUING EDUCATION

§431:9-A Definitions. As used in this part, unless the context requires otherwise:

“Approved continuing education course” means a course approved by the commissioner following receipt of recommendations from various insurance professionals.

“Approved course provider” means an organization or individual that offers a continuing education course and has been approved by the commissioner.

“Credit hour” means the value assigned to an hour of instruction in an approved continuing education course.

“Licensee” means a general agent, subagent, solicitor, designated representative, or nonresident agent as defined in article 9.

§431:9-B Prerequisites for license renewal. (a) In addition to payment of fees required in section 431:7-101, to qualify for a license renewal, a licensee shall:

- (1) During the twenty-three months preceding a license renewal, complete the required number of credit hours as set forth in subsection (b) in approved continuing education courses; and
 - (2) Pay the fees as required under section 431:7-101.
- (b) The required number of credit hours shall be as follows:
- (1) For a licensee authorized to sell classes of insurance in only one of the following groups:
 - (A) Life or disability; or
 - (B) Property, marine and transportation, vehicle general casualty, or surety;

the requisite number of credit hours shall be twenty hours relating to the class of insurance for which the license is held, including three credit hours relating to the insurance code and insurance administrative rules;

- (2) For a licensee with a license to sell classes of insurance in both groups in the subparagraphs of paragraph (1), the total requisite number of credit hours shall be thirty hours, of which:
 - (A) Twelve hours shall relate to paragraph (1)(A) of which three hours shall relate to the insurance code and administrative rules relating to the class of insurance for which the license is held; and

- (B) Eighteen hours shall relate to paragraph (1)(B) of which three hours shall relate to the insurance code and administrative rules relating to the class of insurance for which the license is held.

(c) Continuing education equivalents, as determined by and approved by the commissioner, may include the teaching of continuing education courses and holding certain professional designations, but shall not include the use of carryover credit hours earned in excess of the required hours in any two-year renewal cycle.

(d) Unless an extension of time has been granted in advance by the commissioner, a licensee's failure to satisfy all of the continuing education requirements one month prior to the renewal date shall result in the license being automatically placed on an "inactive" status. To reactivate a license, the licensee shall submit proof to the insurance division that the requisite number of credit hours have been completed and pay any required fees and penalties.

(e) After a licensee completes an approved continuing education course, the approved course provider shall issue to the licensee a certificate of completion in a form approved by the commissioner that certifies that the licensee has successfully completed the course. Both the licensee and a person authorized to sign on behalf of the approved course provider shall sign the certificate of completion. The licensee shall submit the certificate of completion to the insurance division not later than one month prior to the renewal date for the license.

(f) This section shall not apply to:

- (1) A licensee who holds only a limited license under section 431:9-214;
- (2) A nonresident agent or broker whose state of domicile has a reciprocity agreement with the State and waives any continuing education requirement for Hawaii licensees holding nonresident licenses; or
- (3) A licensee granted an exemption by the commissioner from this section pursuant to rules adopted by the commissioner.

§431:9-C Continuing education recordkeeping. (a) Licensees shall maintain their own continuing education records and shall keep the records for four years after completion of an approved continuing education course.

(b) Approved course providers shall maintain attendance records for five years for the commissioner to verify the attendance and course completion of all licensees enrolled in an approved course. These course providers shall make the records available at all times to the commissioner.

§431:9-D Nondiscrimination. Continuing education courses provided by insurers to their agents shall be subject to the same standards, reviews, and credits as other continuing education courses. Nothing in this chapter is intended to preclude the provision of continuing education courses by insurers to their agents; provided that no credit shall be given for any course unless it is an approved continuing education course.

§431:9-E Penalty. (a) The commissioner shall suspend, revoke, or refuse to extend the license of any licensee who has submitted an invalid, false, or fraudulent certificate of completion, subject to the right of a licensee to have a hearing as provided in section 431:2-308.

(b) The commissioner shall revoke the approval of an approved course provider who has issued a certificate of completion to a licensee who has not attended the continuing education course or who has not met the course requirements, subject to the right of an approved course provider to have a hearing as provided in section 431:2-308."

SECTION 3. Section 431:7-101, Hawaii Revised Statutes, is amended to read as follows:

“§431:7-101 Fees. (a) The commissioner shall collect in advance the following fees:

- (1) Certificate of authority: Issuance [~~\$600~~] \$900
- (2) Organization of domestic insurers and affiliated corporations:
 - (A) Application and all other papers required for issuance of solicitation permit, filing [~~\$1,000~~] \$1,500
 - (B) Issuance of solicitation permit [~~\$100~~] \$150
- (3) General agent's license:
 - (A) Issuance, regular license [~~\$50~~] \$75
 - (B) Issuance, temporary license [~~\$50~~] \$75
- (4) Subagent's license:
 - (A) Issuance, regular license [~~\$50~~] \$75
 - (B) Issuance, temporary license [~~\$50~~] \$75
- (5) Nonresident agent's or broker's license:
 - Issuance [~~\$40~~] \$60
- (6) Solicitor's license: Issuance [~~\$40~~] \$60
- (7) Independent adjuster's license: Issuance [~~\$40~~] \$60
- (8) Public adjuster's license: Issuance [~~\$40~~] \$60
- (9) Workers' compensation claims adjuster's limited license: Issuance [~~\$40~~] \$60
- (10) Limited license issued pursuant to section 431:9-214(c): Issuance [~~\$40~~] \$60
- (11) Managing general agent's license: Issuance [~~\$50~~] \$75
- (12) Reinsurance intermediary's license: Issuance [~~\$50~~] \$75
- (13) Surplus line broker's license: Issuance [~~\$100~~] \$150
- (14) Examination for license: For each examination, a fee to be established by the commissioner.

(b) The fees for services of the department of commerce and consumer affairs subsequent to the issuance of a certificate of authority or a license are as follows:

- (1) [~~\$400~~] \$600 per year for all services (including extension of the certificate of authority) for an authorized insurer[.];
- (2) [~~\$50~~] \$75 per year for all services (including extension of the license) for a regularly licensed general agent[.];
- (3) [~~\$50~~] \$75 per year for all services (including extension of the license) for a regularly licensed subagent[.];
- (4) [~~\$30~~] \$45 per year for all services (including extension of the license) for a regularly licensed nonresident agent or broker[.];
- (5) [~~\$20~~] \$30 per year for all services (including extension of the license) for a regularly licensed solicitor[.];
- (6) [~~\$30~~] \$45 per year for all services (including extension of the license) for a regularly licensed independent adjuster[.];
- (7) [~~\$30~~] \$45 per year for all services (including extension of the license) for a regularly licensed public adjuster[.];
- (8) [~~\$30~~] \$45 per year for all services (including extension of the license) for a regularly limited licensed workers' compensation claims adjuster[.];
- (9) [~~\$30~~] \$45 per year for all services (including extension of the license) for a limited license issued pursuant to section 431:9-214(c)[.];
- (10) [~~\$50~~] \$75 per year for all services (including extension of the license) for a regularly licensed managing general agent[.];

- (11) ~~[\$50]~~ \$75 per year for all services (including extension of the license) for a regularly licensed reinsurance intermediary[.];
- (12) ~~[\$30]~~ \$45 per year for all services (including extension of the license) for a licensed surplus line broker[.]; and
- (13) The services referred to in paragraphs (1) to (12) shall not include services in connection with examinations, investigations, hearings, appeals, and deposits with a depository other than the department of commerce and consumer affairs.

(c) The commissioner shall notify the holder of the certificate of authority issued under article 3 or the license issued under article 9 by written notice at least thirty days prior to the extension date of such certificate or license. If the fee is not paid before or on the extension date, the fee will be increased by a penalty in the amount of fifty per cent of the fee. If the fee and the penalty are not paid within the thirty days immediately following the extension date, the commissioner may revoke, suspend, or inactivate the certificate of authority or license and shall not reissue, remove the suspension of, or reactivate the certificate of authority or license until the fee and penalty have been paid.

(d) All fees and penalties shall be [remitted by the commissioner to the director of finance not later than the first business day following collection, and shall be placed] deposited to the credit of the [general fund.] insurance regulation fund.”

SECTION 4. Section 431:9-232, Hawaii Revised Statutes, is amended to read as follows:

“§431:9-232 Extension of licenses. (a) [If the licensee is qualified for the license, the license shall be extended.] Prior to the extension of a license, each licensee shall annually pay the fee required in section 431:7-101 and shall meet the requirements of section 431:9-B.

(b) [No license shall contain an expiration date, but all licenses must be extended from time to time in order to continue to be valid.] A license shall be inactivated if a licensee fails to:

- (1) Meet the requirements of section 431:9-B; or
- (2) Pay any required fees or penalties.

(c) [(1)] When the commissioner issues or extends a license, the commissioner shall:

[(A)] (1) Determine the extension date[; the extension date], which is that date prior to which the license must be extended[.]; and

[(B)] (2) Notify the licensee in writing[.] of the extension date.

[This] The extension date shall be any date not less than one year and not more than three years after the date of the issue or the last extension[.] of the license.”

SECTION 5. During fiscal years 1999-2000 and 2000-2001, there shall be an assessment of all insurers, general agents, subagents, nonresident agents and brokers, solicitors, adjusters, limited licensees under 431:9-214(c), managing general agents, reinsurance intermediaries, surplus lines brokers, and designated representatives. The assessment shall be fifty per cent of the applicable fee amount listed in section 431:7-101(a) prior to the effective date of this Act. The assessment shall be made on August 1, 1999, and August 1, 2000, and shall be due on September 1, 1999, and September 1, 2000, respectively.

If the assessment is not paid when due, the assessment shall be increased by a penalty of fifty per cent of the assessment. If the assessment and the penalty are not paid within thirty days following the due date of September 1, the commissioner may revoke, suspend, or inactivate the certificate of authority or license and shall not

reissue, remove the suspension of, or reactivate the certificate of authority or license until the assessment and penalty have been paid.

SECTION 6. There is appropriated out of the insurance regulation fund the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 1999-2000 and \$1,500,000 or so much thereof as may be necessary for fiscal year 2000-2001 for the administration of insurance licensing.

The sums appropriated shall be expended by the department of commerce and consumer affairs for the purpose of this Act.

PART II

SECTION 7. Chapter 431, Hawaii Revised Statutes, is amended by adding to article 2 a new section to be appropriately designated and to read as follows:

“§431:2-A Insurance regulation fund. (a) There is established a special fund to be designated as the insurance regulation fund. All assessments, fees, fines, penalties, and reimbursements collected by or on behalf of the insurance division under title 24, except for the commissioner’s education and training fund (section 431:2-214), the patients’ compensation fund (Act 232, Session Laws of Hawaii 1984), the drivers education fund underwriters fee (section 431:10C-115), and the captive insurance administrative fund (section 431:19-101.8), to the extent provided by section 431:19-101.8(b), shall be deposited into the insurance regulation fund. All sums transferred into the insurance regulation fund may be expended by the commissioner to carry out the commissioner’s duties and obligations under title 24.

(b) The insurance regulation fund shall be used to defray any administrative costs, including personnel costs, associated with the programs of the division, and costs incurred by supporting offices and divisions. Any law to the contrary notwithstanding, the commissioner may use the moneys in the fund to employ, without regard to chapters 76 and 77, hearings officers, attorneys, investigators, accountants, examiners, and other necessary professional, technical, and support personnel to implement and carry out the purposes of title 24; provided that any position, except any attorney position, that is subject to chapters 76 and 77 prior to the effective date of this part shall remain subject to chapters 76 and 77.

(c) Moneys in the special fund shall not revert to the general fund.

(d) The commissioner shall determine the amount or amounts to be assessed and the time any moneys from assessments are due for each line or type of insurance or entity regulated under title 24; provided that:

- (1) The criteria for making the assessment shall be established by rule; provided further that the commissioner shall have provisional authority to make assessments prior to adoption of the rule but this provisional authority shall not extend beyond two years from the effective date of this Act;
- (2) The insurers or entities under title 24 shall be provided reasonable notice of when their respective assessments are due;
- (3) The assessments by line or type shall bear a reasonable relationship to the costs of regulating the line or type of insurance, including any administrative costs of the division; and
- (4) The sum total of all assessments made and collected shall not exceed the special fund ceiling or ceilings related to the fund that are established by the legislature.

As used in this subsection, “reasonable notice” means a period of at least sixty days.

(e) The commissioner may suspend an assessment of any insurer if the commissioner determines that an insurer or entity may reach insolvency or other financial difficulty if the assessment is made against that insurer or entity.

(f) The commissioner shall prepare an annual report to the director, governor, and the legislature of the use of the fund. The report shall describe assessments by line or type of insurance, and expenditures made from the fund including non-payroll operating expenses. The report shall be submitted to the legislature no later than twenty days prior to the convening of each regular legislative session.”

SECTION 8. Section 36-27, Hawaii Revised Statutes, is amended to read as follows:

“§36-27 Transfers from special funds for central service expenses. Except as provided in this section, and notwithstanding any other law to the contrary, from time to time the director of finance, for the purpose of defraying the prorated estimate of central service expenses of government in relation to all special funds, except the:

- (1) Special summer school and intersession fund under section 302A-1310;
- (2) School cafeteria special funds of the department of education;
- (3) Special funds of the University of Hawaii;
- (4) State educational facilities improvement special fund;
- (5) Convention center capital special fund under section 206X-10.5 and the convention center operations special fund under section 206X-10.6;
- (6) Special funds established by section 206E-6;
- (7) Housing loan program revenue bond special fund;
- (8) Housing project bond special fund;
- (9) Aloha Tower fund created by section 206J-17;
- (10) Domestic violence prevention special fund under section 321-1.3;
- (11) Spouse and child abuse special account under section 346-7.5;
- (12) Spouse and child abuse special account under section 601-3.6;
- (13) Funds of the employees’ retirement system created by section 88-109;
- (14) Unemployment compensation fund established under section 383-121;
- (15) Hawaii hurricane relief fund established under chapter 431P;
- (16) Hawaii health systems corporation special funds;
- (17) Boiler and elevator safety revolving fund established under section 397-5.5;
- (18) Tourism special fund established under section [[]201B-11[]]; [and]
- (19) Department of commerce and consumer affairs’ special funds; and
- (20) Insurance regulation fund under section 431:2-A;

shall deduct five per cent of all receipts of all other special funds, which deduction shall be transferred to the general fund of the State and become general realizations of the State. All officers of the State and other persons having power to allocate or disburse any special funds shall cooperate with the director in effecting these transfers. To determine the proper revenue base upon which the central service assessment is to be calculated, the director shall adopt rules pursuant to chapter 91 for the purpose of suspending or limiting the application of the central service assessment of any fund. No later than twenty days prior to the convening of each regular session of the legislature, the director shall report all central service assessments made during the preceding fiscal year.”

SECTION 9. Section 36-30, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Each special fund, except the:

- (1) Transportation use special fund established by section 261D-1;

- (2) Special summer school and intersession fund under section 302A-1310;
- (3) School cafeteria special funds of the department of education;
- (4) Special funds of the University of Hawaii;
- (5) State educational facilities improvement special fund;
- (6) Special funds established by section 206E-6;
- (7) Aloha Tower fund created by section 206J-17;
- (8) Domestic violence prevention special fund under section 321-1.3;
- (9) Spouse and child abuse special account under section 346-7.5;
- (10) Spouse and child abuse special account under section 601-3.6;
- (11) Funds of the employees' retirement system created by section 88-109;
- (12) Unemployment compensation fund established under section 383-121;
- (13) Hawaii hurricane relief fund established under chapter 431P;
- (14) Convention center capital special fund established under section 206X-10.5 and the convention center operations special fund established under section 206X-10.6;
- (15) Hawaii health systems corporation special funds; and
- (16) Tourism special fund established under section [201B-11]¹;
- (17) Insurance regulation fund under section 431:2-A;

shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned."

SECTION 10. Section 431:2-105.5, Hawaii Revised Statutes, is amended to read as follows:

"[**§431:2-105.5**] **Staff.** There are established within the insurance division of the department of commerce and consumer affairs six positions for technical staff, and three positions for clerical staff, necessary to enable the State to meet and maintain National Association of Insurance Commissioners accreditation standards. These positions shall not be subject to chapters 76 and 77. [The salaries for these positions shall be funded out of the insurance examiners revolving fund, as provided in section 431:2-307.]"

SECTION 11. Section 431:2-306, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The insurer, person, or guaranty fund examined and liable therefor shall pay to the commissioner's examiners upon presentation of an itemized statement, their actual travel expenses, their reasonable living expense allowance, and their per diem compensation at a reasonable rate approved by the commissioner, incurred on account of the examination. All payments collected by the commissioner shall be remitted to:

- (1) The [general fund of the State;] insurance regulation fund; or
- [(2) The insurance examiner's revolving fund if independent contractor examiners were employed for the examination; or
- (3)] (2) The captive insurance administrative fund if independent contractor examiners or captive staff examiners were employed for a captive insurer's examination.

The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination."

SECTION 12. Section 431:19-101.8, Hawaii Revised Statutes, is amended to read as follows:

“**[§431:19-101.8]] Captive insurance administrative fund.** (a) The commissioner may establish a separate fund designated as the captive insurance administrative fund.

(b) The commissioner may appoint staff examiners exempt from chapters 76 and 77, to examine the affairs, transactions, accounts, records, documents, and assets of each authorized captive insurer licensed under this article. The commissioner may also appoint administrative support personnel exempt from chapters 76 and 77, to assist and support the examiners.

(c) The commissioner may pay the salaries of the captive insurance administrator, the staff examiners, and the administrative support personnel from the captive insurance administrative fund. The commissioner may also appoint independent contractor examiners to examine captive insurance companies. The funds may also be used for other expenses relating to the monitoring, regulation, and examination of captive insurance companies, the development of the captive insurance industry under this article, and the education and training of the captive insurance administrator and examiners.

(d) (b) All premium taxes collected from captive insurance companies licensed in this State under this article, all captive insurance company application fees, annual license fees, and examination fees collected pursuant to this article shall be credited to the captive insurance ~~[[administrative]]~~ fund. Each fiscal year, the commissioner ~~[may expend out of the fund]~~ shall transfer out of the fund and deposit into the insurance regulation fund a total of forty per cent of the total moneys credited to the fund in the prior fiscal year or \$250,000, whichever is greater, to pay for the expenditures contemplated by this section. Subject to the foregoing expenditure limit, all moneys remaining in the fund shall revert to the general fund.

(e) The commissioner shall prepare and submit an annual report to the legislature on the use of the captive insurance ~~[administrative]~~ fund.]”

SECTION 13. Section 431:19-108, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The powers, authorities, and duties relating to examinations vested in and imposed upon the commissioner under section 431:2-301 through section [431:2-307] 431:2-307.5 of the code are extended to and imposed upon the commissioner in respect to examinations of captive insurance companies.”

SECTION 14. Section 431:19-115.5, Hawaii Revised Statutes, is amended to read as follows:

“**§431:19-115.5 Applicability of other laws to captive insurance companies writing motor vehicle insurance policies in this State.** Captive insurance companies writing motor vehicle insurance policies in this State shall be subject to sections 431:10C-102, 431:10C-103, 431:10C-107, 431:10C-108, 431:10C-109, 431:10C-112, 431:10C-115, [431:10C-115.5,] 431:10C-119, 431:10C-120, 431:10C-207, 431:10C-211, 431:10C-212, 431:10C-213, 431:10C-215, 431:10C-301, and 431:10C-303 through 431:10C-315. Captive insurance companies shall also be subject to the rules adopted by the commissioner to implement these sections.”

SECTION 15. Sections 431:2-203, 431:2-307.5, 431:3-221, 431:7-203, 431:9-238, 431:11-111, 431:15-334, and 431:15-335, Hawaii Revised Statutes, are amended by:

- (1) Substituting the term “insurance regulation fund”, or like term, wherever the term “general fund”, or like term, appears, as the context requires; and

- (2) Substituting the term “insurance regulation fund”, or like term, wherever the term “state treasurer”, or like term, appears, as the context requires.

SECTION 16. Act 234, Session Laws of Hawaii 1995, is amended by amending section 21 to read as follows:

“SECTION 21. There is established a special fund for the administration of workers’ compensation insurance by the insurance commissioner to be called the workers’ compensation insurance administration special fund.

This fund shall be used to pay the costs incurred in administering workers’ compensation insurance. Costs shall include but not be limited to:

- (1) Costs related to public education and information;
- (2) Costs relating to closed claims studies;
- (3) Other studies and evaluations relating to workers’ compensation insurance, which may include an analysis of the classifications of jobs and the assigned risk pool affecting the rates charged by insurers; and
- (4) Costs related to administrative contracts with personnel necessary to carry out the purposes of this Act.

For each fiscal year beginning 1995-1996 until fiscal year [2000-2001] 1998-1999,² up to \$150,000 shall be deposited into this special fund from the following sources:

- (1) Fair and equitable assessments to be made by the insurance commissioner on April of each year, on each insurer authorized to transact workers’ compensation insurance in this State and each self-insurer;
- (2) Fair and equitable assessments to be made by the insurance commissioner for a one-time deposit into the fund, on each insurer authorized to transact workers’ compensation insurance in this State and each self-insurer.

As of July 1, [2001,] 1999, all unexpended and unencumbered balances remaining in the special fund shall [transfer to the credit of the state general fund.] be transferred to the insurance regulation fund. After funds are transferred to the insurance regulation fund, the workers’ compensation special fund shall be abolished.

[The insurance commissioner shall submit a complete and detailed report on the status of the fund’s administration and expenditures to the legislature no later than twenty days before the convening of each regular legislative session.

The insurance commissioner may adopt rules effectuating the purposes of this section.]”

SECTION 17. Act 216, Session Laws of Hawaii 1997, is amended by amending section 13 to read as follows:

“SECTION 13. This Act shall take effect on July 1, 1997, and shall be repealed on June 30, 2000; provided that any statutory or session law material in this Act in existence on June 30, 1997, shall be reenacted on July 1, 2000, in the same form in which it existed on June 30, 1997[.]; and provided further that the amendments made to section 36-27 and 36-30, Hawaii Revised Statutes, by sections 8 and 9 of Act 163, Session Laws of Hawaii 1999, shall be retained.”

SECTION 18. Act 142, Session Laws of Hawaii 1998, is amended by amending section 9 to read as follows:

“SECTION 9. This Act shall take effect upon its approval and shall be repealed on July 31, 2003, except that section 3 of this Act shall not be repealed; provided that section³ 36-27 and 397-5(b), Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day before the approval of this Act[.]; and provided further that the amendments made to section 36-27, Hawaii Revised Statutes, by section 8 of Act 163, Session Laws of Hawaii 1999, shall be retained.

SECTION 19. The director of finance shall transfer and deposit all funds in the following funds unencumbered as of the effective date of this Act into the insurance revolving fund:

- (1) The insurance examiners revolving fund (section 431:2-307);
- (2) The motor vehicle insurance administration revolving fund (section 431:10C-115.5); or
- (3) The workers’ compensation insurance administration special fund (Act 234, Session Laws of Hawaii 1995).

Any funds remaining in any of the aforementioned funds on June 30, 1999, shall be transferred into the insurance regulation fund.

SECTION 20. Section 431:2-307, Hawaii Revised Statutes, is repealed.

SECTION 21. Section 431:10C-115.5, Hawaii Revised Statutes, is repealed.

PART III

SECTION 22. Section 386-153, Hawaii Revised Statutes, is amended to read as follows:

“§386-153 Levy on insurers of employers insured under section 386-121(a)(1). (a) For the calendar year 1974 and for each calendar year thereafter, insurers of employers, as defined in section 386-1, shall pay a levy determined by the director which shall be based on a percentage on gross premiums, as defined in section 431:7-202(a), derived from workers’ compensation insurance issued during the prior year in accordance with chapter 386 and chapter 431, if the levying and collecting of such a levy is required pursuant to section 386-152, which levy shall be collected in the same manner as the tax provided for in section 431:7-202 is collected and shall be deposited in the special compensation fund established in section 386-151. This levy shall be in addition to any tax imposed in chapter 431 on gross premiums derived from workers’ compensation insurance.

(b) Notwithstanding subsection (a), from its inception through December 31, 2007, the Hawaii Employers’ Mutual Insurance Company, Inc., shall be exempt from this levy; provided that this exemption shall apply to the first \$25,000,000 of written premiums in each calendar year; and provided further that annual written premiums in excess of \$25,000,000 shall be subject to this levy at the same rate as other insurers. Any moneys heretofore paid by Hawaii Employers’ Mutual Insurance Company, Inc., to the special compensation fund shall be retained by the special compensation fund to be credited to future levy balances owed by Hawaii Employers’ Mutual Insurance Company, Inc.”

PART IV

SECTION 23. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions

or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 24. Statutory material to be repealed is bracketed. New statutory material is underscored.⁴

SECTION 25. In codifying the new part added to articles 2 and 9 of chapter 431, Hawaii Revised Statutes, by sections 2 and 7 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this part. In printing this Act, the revisor of statutes shall insert the appropriate number of this Act in sections 17 and 18 of this Act.

SECTION 26. This Act shall take effect on approval, provided that:

- (1) Sections 431:9-B and 431:9-C contained in section 2 of Part I shall become effective on January 1, 2001; and provided further that the twenty-three month period to meet the continuing education requirements shall commence upon the first license renewal of a general agent, subagent, solicitor, designated representative, or nonresident agent after December 31, 2000; and
- (2) Part II shall take effect on July 1, 1999; provided further that sections 21 and 22 shall take effect after all funds that are supposed to be credited to the motor vehicle insurance administration revolving fund and the insurance examiners revolving fund are transferred into the insurance regulation special fund.

(Approved June 28, 1999.)

Notes

1. So in original.
2. Comma should not be underscored.
3. Prior to amendment "sections" appeared here.
4. Edited pursuant to HRS §23G-16.5.