

ACT 124

H.B. NO. 1820

A Bill for an Act Relating to Motor Vehicle Insurance.

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

SECTION 1. Section 431:10C-111, Hawaii Revised Statutes, is amended to read as follows:

**“§431:10C-111 Cancellation and nonrenewal of policies: when prohibited, when permitted.** (a) An insurer may not cancel or refuse to renew a motor vehicle insurance policy, including ~~required~~ optional additional insurance meeting the requirements of section 431:10C-302, once issued except when:

- (1) The license of the principal operator to operate the type of motor vehicle is suspended or revoked;
- (2) Premium payments for the policy are not made after reasonable demand therefor; ~~or~~
- (3) The nonrenewal or conditional renewal is limited in accordance with section 431:10C-111.5[-]; or
- (4) A motor vehicle insurance policy has been in effect for sixty days or less and cancellation of the policy is not based on any of the criteria prohibited by subsection (c).

(b) 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 431:10C-302 where the insured is a member of a class set forth in section 431:10C-407(b)(1)(A) or (B) at the time of the refusal to renew.

(c) No insurer shall refuse to continue a motor vehicle insurance policy based solely upon a person’s race, creed, ethnic extraction, age, sex, length of driving

experience, marital status, residence, physical handicap, or because an insured has elected to obtain any required or optional coverage or deductible required by law. If an insured alleges that the insurer's refusal to continue the motor vehicle insurance policy is based solely upon the insured's race, creed, ethnic extraction, age, sex, length of driving experience, marital status, residence, physical handicap, or because the insured has elected to obtain any required or optional coverage or deductible provided by law, the burden of proof shall rest with the insurer to prove that the refusal to continue the policy was not based on noncompliance with this subsection.

~~[(d) In any case of cancellation or refusal to renew, the insurer shall continue all motor vehicle insurance and optional additional coverages in force, to the date of expiration or for thirty days following notice, whichever date occurs first.~~

~~(e)~~ (d) An insurer may also refuse to renew motor vehicle insurance policies:

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

~~[(f)]~~ (e) Within fifteen days of a cancellation and the return of the motor vehicle insurance identification card or a signed affidavit stating the card was lost or stolen, the insurer shall refund the pro rata unearned portion, if any, of any prepaid premiums. Premiums shall be considered "earned" as provided in section 431:10C-109."

SECTION 2. Section 431:10C-112, Hawaii Revised Statutes, is amended by amending its title and subsection (a) to read as follows:

**“§431:10C-112 Notice of cancellation or ~~[non-renewal;]~~ nonrenewal; effect on term of coverage.** (a) In ~~[any] the~~ case of cancellation or ~~[refusal to renew;]~~ nonrenewal of a motor vehicle insurance policy by the insurer, the insurer shall ~~[give]~~ mail a written notice of prospective cancellation or nonrenewal to the insured not ~~[less] fewer~~ than thirty days prior to the effective date of the cancellation or ~~[refusal to renew;]~~ nonrenewal. The insurer shall continue all motor vehicle insurance and optional additional coverages in force for thirty days following the mailing; provided that in the case of cancellation for the nonpayment of premiums the insurer shall:

- (1) Mail a written notice of prospective cancellation to the insured not fewer than twenty days prior to the effective date of the cancellation; and
- (2) Continue all motor vehicle insurance and optional additional coverages in force for twenty days following the mailing.

Cancellation or ~~[refusal to renew]~~ nonrenewal shall not be deemed valid unless the mailing required by this section is supported by a certificate of mailing properly validated by the United States Postal Service.”

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

SECTION 4. This Act shall take effect on July 1, 2004.

(Approved June 16, 2004.)