

ACT 36

H.B. NO. 1819

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-119, Hawaii Revised Statutes, is amended to read as follows:

“§431:10C-119 Insurer’s requirements. (a) Prior to licensing an insurer to transact a motor vehicle insurance business in this State, the commissioner:

- (1) Shall effect a thorough examination of the insurer’s business experience, financial soundness, and general reputation as an insurer in this and other states. In the discretion of the commissioner, this examination may include an examination of any or all of the business records of the insurer, and an audit of all or any part of the insurer’s motor vehicle insurance business, each to be performed by the commissioner’s staff or by independent consultants. No license shall be issued until the commissioner is satisfied as to the business experience, financial solvency, and the economic soundness of the insurer;

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- (2) ~~[Shall]~~ Except for a member-owned reciprocal insurer and its wholly owned insurer subsidiaries, as specified in subsection (c), shall require of each insurer, and determine that satisfactory arrangements have been made for, the provision of a complete sales and claims service office in the State; and
- (3) Notwithstanding any other requirements of this section or of the insurance code, may require a bond in a reasonable amount and with deposits or sureties determined in the commissioner's discretion of any applicant for a license hereunder. The commissioner may, at any time, make and enforce such a requirement of any licensed insurer or self-insurer.
- (b) The commissioner ~~[may]~~, prior to issuing a certificate of self-insurance to any person, may require the applicant to provide for a complete claims service office and an officer for the purpose of service of process in this State.
- (c) A member-owned reciprocal insurer and its wholly owned insurer subsidiaries shall make satisfactory arrangements for claims service and adjustment and for policy service of all policies sold or issued to consumers in this State if:
- (1) A majority of its members are members of the United States military services, veterans of the United States military services, current or former spouses or dependents of these persons; and
- (2) The primary purpose of the insurer is to serve these persons.
- The member-owned reciprocal insurer and its wholly owned insurer subsidiaries, upon request by the commissioner, shall provide in writing, specific information as to those arrangements.
- ~~[(e)] (d)~~ The commissioner shall adopt rules to permit any licensed accident and health or sickness insurer to secure a license to engage in the business of motor vehicle insurance to provide only those personal injury protection benefits defined in section 431:10C-103.5(a) and optional major medical coverages.”

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

SECTION 3. This Act shall take effect on July 1, 2004.

(Approved April 29, 2004.)