



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. **719**

June 14, 2006

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

This is to inform you that on June 14, 2006, the following bill was signed into law:

SB2283 SD1 HD1 CD1

A BILL FOR AN ACT RELATING TO INSURANCE.
(ACT 189)

Sincerely,

A handwritten signature in black ink, appearing to read "L. Lingle".

LINDA LINGLE

THE SENATE
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

S.B. NO. 2283
S.D. 1
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new section to part II of article 10 to be
3 appropriately designated and to read as follows:

4 "§431:10- Commercial general liability extended
5 reporting requirements. (a) Any policy for commercial general
6 liability coverage wherein the insurer shall offer and the
7 insured may elect to purchase an extended reporting period for
8 claims arising during the expiring policy period shall provide
9 that:

10 (1) In the event of a cancellation, there shall be a
11 thirty-day period during which the insured may elect
12 to purchase coverage for the extended reporting
13 period;

14 (2) The limit of liability in the policy aggregate for the
15 extended reporting period shall be one hundred per
16 cent of the expiring policy aggregate; and

17 (3) The insurer shall provide the following loss
18 information to the first named insured within thirty



1 days of the insured's request or upon any notice of
2 cancellation or nonrenewal:

3 (A) All information on closed claims including the
4 date and description of occurrence and amount of
5 payments, if any;

6 (B) All information on open claims including the date
7 and description of occurrence, amount of payment,
8 if any, and amount of reserves, if any; and

9 (C) All information on notices of occurrence
10 including the date and description of occurrence
11 and amount of resources, if any."

12 SECTION 2. Section 431:2-301.8, Hawaii Revised Statutes,
13 is amended by amending subsection (a) to read as follows:

14 "(a) No cause of action shall arise nor shall any
15 liability be imposed against any examiner appointed or otherwise
16 designated as an examiner by the commissioner for any statements
17 made or conduct performed in good faith while carrying out the
18 provisions of the insurance code."

19 SECTION 3. Section 431:2-306, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:

21 "(c) The commissioner may assess all examination costs of
22 any person subject to examination under section 431:2-303(1) and

1 article 16 when there is a premium trust fund shortage due to
2 substantial noncompliance with section [431:9-230. The
3 commissioner, subject to chapter 91, shall adopt rules to carry
4 out the purposes of this subsection. The rules shall include
5 criteria for the levying of examination assessment costs and
6 specific criteria for appealing assessment costs levied by the
7 commissioner.] 431:9A-123.5."

8 SECTION 4. Section 431:3-201, Hawaii Revised Statutes, is
9 amended by amending subsection (c) to read as follows:

10 "(c) Every certificate of authority shall [specify:]
11 include but not be limited to:

- 12 (1) The name of the insurer [~~the location of its~~
13 ~~principal office,~~] and the classes of insurance it is
14 authorized to transact in this State; or
- 15 (2) The name of and location of the principal office of
16 its attorney-in-fact if a reciprocal insurer."

17 SECTION 5. Section 431:9A-122, Hawaii Revised Statutes, is
18 amended by amending subsection (c) to read as follows:

19 "(c) The licensee shall promptly notify the commissioner
20 in writing of any change of business address."

21 SECTION 6. Section 431:9B-102, Hawaii Revised Statutes, is
22 amended as follows:

1 1. By amending subsection (a) to read:

2 "(a) No person, firm, association, or corporation shall
3 act as a reinsurance intermediary-broker in this State if the
4 reinsurance intermediary-broker maintains an office either
5 directly or as a member or employee of a firm or association or
6 as an officer, director, or employee of a corporation:

7 (1) In this State, unless the reinsurance intermediary-
8 broker is a licensed [~~agent~~] producer in this State;
9 or

10 (2) In another state, unless the reinsurance intermediary-
11 broker is a licensed [~~agent~~] producer in this State or
12 another state having a law substantially similar to
13 this law, or such reinsurance intermediary-broker is
14 licensed in this State as a nonresident reinsurance
15 intermediary."

16 2. By amending subsection (c) to read:

17 "(c) The commissioner shall require a reinsurance
18 intermediary-manager subject to subsection (b) to:

19 (1) File a bond from an insurance company licensed to do
20 business within the State or with an insurance company
21 approved by the commissioner in an amount equal to
22 \$500,000 or ten per cent of the annual reinsurance

1 premiums managed by the reinsurance intermediary-
2 manager, whichever is greater, except that the bond
3 amount under this paragraph shall not exceed
4 \$10,000,000, for the protection of the reinsurer;
5 [~~and~~]

6 (2) Maintain an errors and omissions policy, with an
7 insurance company licensed to do business within the
8 State or with an insurance company approved by the
9 commissioner, in an amount equal to \$250,000 or
10 twenty-five per cent of the annual reinsurance
11 premiums managed by the reinsurance intermediary-
12 manager, whichever is greater, except that the policy
13 limits under this paragraph shall not exceed
14 \$10,000,000 [~~+~~]; and

15 (3) Provide any other report required by the commissioner.

16 At the time of application for licensure and each renewal, each
17 reinsurance intermediary-manager shall provide the commissioner
18 with proof of the bond and the policy, and appropriate
19 documentation to show that the bond and the policy [~~continues~~]
20 continue to be in effect or that a new bond and a new policy
21 [~~has~~] have been secured."

1 SECTION 7. Section 431:9C-102, Hawaii Revised Statutes, is
2 amended by amending subsections (c) and (d) to read as follows:

3 "(c) The commissioner shall require the managing general
4 agent to furnish a bond in an amount equal to \$100,000 or ten
5 per cent of annual gross direct written premiums, whichever is
6 greater, with an insurance company licensed to do business
7 within the State or with an insurance company approved by the
8 commissioner, for the protection of the insurer. Each managing
9 general agent shall provide the commissioner with:

- 10 (1) Proof of the bond at the time of the initial
11 application for licensure; [~~and~~]
12 (2) Appropriate documentation at the time of each renewal
13 to show that the bond continues to be in effect or
14 that a new bond has been secured~~[-]~~; and
15 (3) Any other report required by the commissioner.

16 (d) The commissioner shall require the managing general
17 agent to maintain an errors and omissions policy in an amount
18 equal to \$1,000,000 or twenty-five per cent of annual gross
19 direct written premiums, whichever is greater, with an insurance
20 company licensed to do business within the State or an insurance
21 company approved by the commissioner. Each managing general
22 agent shall provide the commissioner with:



- 1 (1) Proof of the policy at the time of the initial
- 2 application for licensure; [~~and~~]
- 3 (2) Appropriate documentation at the time of each renewal
- 4 to show that the policy continues to be in effect or
- 5 that a new policy has been secured[~~-~~]; and
- 6 (3) Any other report required by the commissioner."

7 SECTION 8. Section 431:11-104.3, Hawaii Revised Statutes,
8 is amended by amending subsection (b) to read as follows:


9 "(b) The preacquisition notification shall be in such form
10 and contain such information as prescribed by the National
11 Association of Insurance Commissioners, including information
12 relating to those markets in which the acquisition would not be
13 exempted pursuant to section 431:11-104.2(b)(5). The
14 commissioner may require such additional material and
15 information as the commissioner deems necessary to determine
16 whether the proposed acquisition, if consummated, would violate
17 the competitive standard of section 431:11-104.4. The required
18 information may include an opinion of an economist as to the
19 competitive impact of the acquisition in this State accompanied
20 by a summary of the education and experience indicating that
21 economist's ability to render an informed opinion."

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.

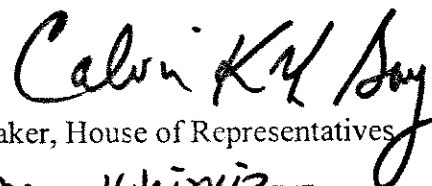


President of the Senate


Clerk of the Senate

**THE HOUSE OF REPRESENTATIVES
OF THE STATE OF HAWAII**

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the House of Representatives of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.


Speaker, House of Representatives

Clerk, House of Representatives