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# A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION.

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

1           SECTION 1. The legislature finds that the cost of medical  
2 malpractice and hospital professional and general liability  
3 coverage continues to rise and that stability in risk financing  
4 is needed for the Hawaii health systems corporation and the  
5 physicians serving this entity. The escalating costs of  
6 premiums, lack of insurers providing coverage in Hawaii,  
7 decreased limits of available coverage, and coverage  
8 restrictions, make it important to establish a captive insurance  
9 company to insure and control exposure to the liability risks of  
10 the aforementioned entity.

11           The purpose of this Act is to authorize and provide initial  
12 funding for the establishment of a domestic captive insurance  
13 company by the Hawaii health systems corporation to provide  
14 medical malpractice and hospital professional and general  
15 liability coverage for the corporation and its facilities and  
16 the physicians serving therein.



1 SECTION 2. Chapter 323F, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§323F- Captive insurance company; authorized. (a) The  
5 corporation may establish a captive insurance company in  
6 accordance with article 19, chapter 431, to provide medical  
7 malpractice and hospital professional and general liability  
8 coverage for Hawaii health systems facilities and their  
9 physicians.

10 (b) In organizing a captive insurance company:

11 (1) The corporation shall submit a formalized financial  
12 plan to the director of finance for review and  
13 approval; and

14 (2) Upon receiving the approval required by paragraph (1),  
15 and in addition to the documents required by article  
16 19, chapter 431, the corporation shall submit to the  
17 insurance commissioner a formalized business plan that  
18 includes the establishment of a captive insurer board  
19 of directors."

20 SECTION 3. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$ , or so  
22 much thereof as may be necessary for fiscal year 2007-2008, and



1 the same sum, or so much thereof as may be necessary for fiscal  
2 year 2008-2009, to be deposited into the Hawaii health systems  
3 corporation special fund.

4 The sums appropriated shall be expended by the Hawaii  
5 health systems corporation for the purposes of this Act.

6 SECTION 4. There is appropriated out of the health systems  
7 special fund the sum of \$ , or so much thereof as may  
8 be necessary for fiscal year 2007-2008, and the same sum, or so  
9 much thereof as may be necessary for fiscal year 2008-2009, for  
10 the Hawaii health systems corporation to establish the captive  
11 insurance company authorized by this Act.

12 The sums appropriated shall be expended by the Hawaii  
13 health systems corporation for the purposes of this Act.

14 SECTION 5. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2020.



**Report Title:**

Hawaii Health Systems Corporation; Captive Insurer

**Description:**

Authorizes and funds creation of a captive insurance company by Hawaii health systems corporation to provide medical malpractice and hospital professional and general liability coverage to the corporation. (SD2)

