
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Act 1, Special Session Laws of Hawaii 2005,
2 amended section 431:2-215, Hawaii Revised Statutes, to prescribe
3 a formula to calculate the assessment amount to be paid by all
4 lines or types of insurance regulated under title 24, Hawaii
5 Revised Statutes. That formula requires the insurance
6 commissioner to assess insurers based on the ending cash balance
7 at the end of the prior fiscal year, anticipated revenues for
8 the current fiscal year, and the proposed fiscal year budget.
9 The insurance commissioner is also prevented from making any
10 assessment until the closing of the prior fiscal year, as the
11 amount of funds at the end of the prior fiscal year must be
12 determined before an assessment can be made and there is a
13 minimum sixty-day notice requirement to insurers, which delays
14 the receipt of the cash necessary to fund the insurance
15 division's operations. These requirements limit the insurance
16 division's ability to fund its operations in the first three
17 months of the fiscal year.



1 The purpose of this Act is to amend the formula for
2 assessments to allow the insurance division to ensure continued
3 operations during the first three months of each new fiscal
4 year.

5 SECTION 2. Section 431:2-215, Hawaii Revised Statutes, is
6 amended by amending subsection (d) to read as follows:

7 "(d) The amount or amounts to be assessed for each line or
8 type of insurance or entity regulated under title 24 shall be
9 determined and assessed as provided below:

10 (1) The insurers or entities regulated under title 24
11 shall be provided at least sixty days notice of when
12 their respective assessments are due;

13 (2) The total amount or amounts to be assessed of insurers
14 or entities regulated under title 24 in all lines or
15 types of insurance shall be calculated based on
16 per cent of the commissioner's proposed
17 fiscal year budget [~~7-less~~]:

18 (A) Less funds in the insurance regulation
19 sub-account of the compliance resolution fund on
20 June 30 of the fiscal year immediately preceding
21 the fiscal year of the proposed budget [~~and~~
22 ~~less~~]; and

1 (B) Less the commissioner's anticipated revenues;
2 (3) The assessments by line or type shall bear a
3 reasonable relationship to the costs of regulating the
4 line or type of insurance, including any
5 administrative costs of the division; and
6 (4) The sum total of all assessments made and collected
7 shall not exceed the special fund ceiling or ceilings
8 related to the fund that are established by the
9 legislature; provided that the total assessments for
10 all lines or types of insurance in any one fiscal year
11 shall not exceed \$5,000,000."

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

14 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Compliance Resolution Fund; Insurance; Insurer Assessment

Description:

Allows the Insurance Division to include a 3-month reserve in the calculation of Compliance Resolution Fund (CRF) assessments in order to ensure continued operations of the Division at the end of the fiscal year. (SB3011 HD1)

