

S.B. NO. 1408

JAN 22 2007

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**A BILL FOR AN ACT**

RELATING TO INSURANCE LICENSING.

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

1       SECTION 1. Section 431:7-101, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:

3       "(a) The commissioner shall collect in advance the  
4 following fees:

5       (1) Certificate of authority: Issuance . . . . . \$900

6       (2) Organization of domestic insurers and affiliated  
7 corporations:

8       (A) Application and all other papers required  
9             for issuance of solicitation permit,  
10            filing . . . . . \$1,500

11       (B) Issuance of solicitation permit . . . . . \$150

12       (3) Producer's license:

13       (A) Issuance, regular license . . . . . \$50

14       (B) Issuance, temporary license . . . . . \$50

15       (4) Nonresident producer's license: Issuance . . . . . \$75

16       (5) Independent adjuster's license: Issuance . . . . . \$75

17       (6) Public adjuster's license: Issuance . . . . . \$75

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- 1       (7) Workers' compensation claim adjuster's limited
- 2           license: Issuance . . . . . \$75
- 3       (8) Independent bill reviewer's license:
- 4           Issuance . . . . . \$80
- 5       (9) Limited producer's license: Issuance . . . . . \$60
- 6       (10) Managing general agent's license:
- 7           Issuance . . . . . \$75
- 8       (11) Reinsurance intermediary's license:
- 9           Issuance . . . . . \$75
- 10       (12) Surplus lines broker's license: Issuance . . . \$150
- 11       (13) Service contract provider's registration:
- 12           Issuance . . . . . \$75
- 13       (14) Approved course provider certificate:
- 14           Issuance . . . . . \$100
- 15       (15) Approved continuing education course
- 16           certificate: Issuance . . . . . \$30
- 17       (16) Vehicle protection product warrantor's
- 18           registration: Issuance . . . . . \$75
- 19       (17) Criminal history record check . . . . . \$20
- 20       (18) Examination for license: For each
- 21           examination, a fee to be established by the
- 22           commissioner.

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1           (19) Limited line motor vehicle rental company  
2                   producer's license: Issuance . . . . . \$1000

3           (b) The fees for services of the department of commerce  
4 and consumer affairs subsequent to the issuance of a certificate  
5 of authority, license, or other certificate are as follows:

6           (1) \$600 per year for all services (including extension of  
7                   the certificate of authority) for an authorized  
8                   insurer;

9           (2) \$50 per year for all services (including extension of  
10                  the license) for a regularly licensed producer;

11          (3) \$75 per year for all services (including extension of  
12                  the license) for a regularly licensed nonresident  
13                  producer;

14          (4) \$45 per year for all services (including extension of  
15                  the license) for a regularly licensed independent  
16                  adjuster;

17          (5) \$45 per year for all services (including extension of  
18                  the license) for a regularly licensed public adjuster;

19          (6) \$45 per year for all services (including extension of  
20                  the license) for a workers' compensation claims  
21                  adjuster's limited license;

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- 1           (7) \$60 per year for all services (including extension of  
2           the license) for a regularly licensed independent bill  
3           reviewer;
- 4           (8) \$45 per year for all services (including extension of  
5           the license) for a producer's limited license;
- 6           (9) \$75 per year for all services (including extension of  
7           the license) for a regularly licensed managing general  
8           agent;
- 9           (10) \$75 per year for all services (including extension of  
10           the license) for a regularly licensed reinsurance  
11           intermediary;
- 12           (11) \$45 per year for all services (including extension of  
13           the license) for a licensed surplus lines broker;
- 14           (12) \$75 per year for all services (including renewal of  
15           registration) for a service contract provider;
- 16           (13) \$65 per year for all services (including extension of  
17           the certificate) for an approved course provider;
- 18           (14) \$20 per year for all services (including extension of  
19           the certificate) for an approved continuing education  
20           course;

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- 1 (15) \$75 per year for all services (including renewal of
- 2 registration) for a vehicle protection product
- 3 warrantor; ~~[and]~~
- 4 (16) \$20 for a criminal history record check~~[-]~~; and
- 5 (17) \$600 per year for all services (including extension of
- 6 the license) for a regularly licensed limited line
- 7 motor vehicle rental company producer.

8 The services referred to in paragraphs (1) to ~~[(16)]~~ (17)

9 shall not include services in connection with examinations,

10 investigations, hearings, appeals, and deposits with a

11 depository other than the department of commerce and consumer

12 affairs."

13 SECTION 2. Section 431:9-228, Hawaii Revised Statutes, is

14 amended to read as follows:

15 "\$431:9-228 Place of business. ~~[(a) Every licensed~~

16 ~~adjuster, and independent bill reviewer shall have and maintain~~

17 ~~in this State a place of business accessible to the public.~~

18 ~~(b)]~~ (a) The place of business of every licensed adjuster

19 and independent bill reviewer shall be [that wherein] the place

20 where the licensee principally conducts transactions under the

21 licensee's ~~[licenses-]~~ license.

1       ~~[(e)]~~ (b) The licensee shall promptly notify the  
2 commissioner of any change of business address."

3       SECTION 3. Section 431:9A-109, Hawaii Revised Statutes, is  
4 amended to read as follows:

5       "**§431:9A-109 Exemption from examination.** ~~[(a)]~~ Subject to  
6 section 431:9A-116, an individual who applies for an insurance  
7 producer license in this State and who was previously licensed  
8 for the same lines of authority in another state shall not be  
9 required to complete any prelicensing education or examination.  
10 This exemption is only available if the person applying for a  
11 nonresident producer license is currently licensed in ~~[that]~~ the  
12 other state or if ~~[the]~~ a resident producer license application  
13 is received within ninety days of the cancellation of the  
14 applicant's previous resident license and if the prior state  
15 issues a certification that, at the time of cancellation, the  
16 applicant was licensed in good standing in that state, or the  
17 state's producer database records, maintained by the National  
18 Association of Insurance Commissioners, its affiliates, or its  
19 subsidiaries, indicate that the producer is or was licensed in  
20 good standing for the line of authority requested.

21       ~~[(b)] A person licensed as an insurance producer in another~~  
22 ~~state who moves to this State shall make application within~~

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1 ~~ninety days of establishing legal residence to become a resident~~  
2 ~~licensee pursuant to section 431:9A-106. No prelicensing~~  
3 ~~educational component or examination shall be required of that~~  
4 ~~person to obtain any line of authority previously held in the~~  
5 ~~prior state except where the commissioner determines otherwise~~  
6 ~~by rule.] "~~

7 SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 5. This Act shall take effect upon its approval.

10  
11 INTRODUCED BY: \_\_\_\_\_

12 BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL RELATING TO INSURANCE LICENSING.

PURPOSE:

1. To re-establish the issuance and all services fees applicable to limited line motor vehicle rental company producer's license;
2. To mandate that adjusters and independent bill reviewers' place of business be where the licensee principally conducts transactions under the license; and
3. To change the exemption from the educational and examination requirements for producers previously licensed for same lines of authority in another state by allowing receipt of a resident producer license application for the State of Hawaii within 90 days of the cancellation of the applicant's out-of-state resident license.

MEANS: Amend sections 431:7-101, 431:9-228, and 431:9A-109, Hawaii Revised Statutes (HRS).

JUSTIFICATION:

1. Act 154, Session Laws of Hawaii 2006, the Insurance Division's housekeeping legislation, intended to move the limited line motor vehicle rental company producer's fees (fees) contained in section 431:9A-142, HRS, to article 7 (the fees, taxes, and deposits article of chapter 431, HRS). Accordingly, Act 154 amended section 431:9A-142, HRS, by deleting the fees and adding new language to require the



payment of applicable licensing fees required by article 7. What Act 154 mistakenly failed to do was to re-establish those fees in article 7. This bill re-establishes these fees in article 7, as originally intended.

2. Presently, adjusters and independent bill reviewers are required to have a place of business in the State of Hawaii. This amendment allows the place of business to be where the licensee principally conducts transactions under the license; thus, it allows a licensee to have its place of business in another state. With this amendment, adjusters and independent bill reviewers will have the same place of business requirements as producers.
3. Current Hawaii law allows an exemption from examination for producers previously licensed for the same lines of authority in another state if they are in good standing in that state and application is made for a nonresident producer license within 90 days of establishing legal residency in the State of Hawaii. It has been difficult, if not impossible, to determine whether or not the 90-day requirement has been met, since there is no way for the Insurance Division to confirm exactly when the applicant formed the intent to establish legal residency in the State of Hawaii. This bill sets an enforceable standard for the exemption from the educational and examination requirements by allowing a resident producer license application for the State

of Hawaii to be received by the Insurance Division within 90 days of the cancellation of the producer's out-of-state license. This amendment will enable the Insurance Division to establish exactly when a nonresident producer should have filed a resident producer license application in the State of Hawaii, thus enabling the Division to determine whether the exemption from educational and examination requirements should be granted or denied.

Impact on the public:

1. This bill will enable the Insurance Division to collect issuance and other fees from limited line motor vehicle rental company producers that the Legislature intended it to collect. These moneys will be used to implement the purposes of the Department of Commerce and Consumer Affairs, which includes protecting the interests of consumers. Thus, the impact on the public should be positive.
2. By eliminating the burden of having a place of business in the State of Hawaii when the licensee principally conducts transactions in another location, this bill will encourage more adjusters and independent bill reviewers to do business in the State of Hawaii, without compromising qualification and other consumer protection requirements. Thus, the impact on the public should be positive.
3. By establishing an enforceable standard for the granting of an

exemption from the educational and examination requirements for nonresident producers in the State of Hawaii who are resident producers in good standing in other states, the bill should have a positive impact on the public.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: Increase Compliance Resolution Fund revenues.

PPBS PROGRAM DESIGNATION: CCA-106.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.