
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 (Act 1), prescribed a formula to calculate the assessment amount
3 to be paid by all lines or types of insurance regulated under
4 title 24, Hawaii Revised Statutes. That current formula
5 requires the insurance commissioner to assess insurers based on
6 the ending cash balance at the end of the prior fiscal year,
7 anticipated revenues for the current fiscal year, and the
8 proposed fiscal year budget. Pursuant to section 431:2-215,
9 Hawaii Revised Statutes, the insurance commissioner is prevented
10 from making any assessment until the closing of the prior fiscal
11 year, as the amount of funds at the end of the prior fiscal year
12 must be determined before an assessment can be made and there is
13 a 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 set forth in Act 1
16 limit the insurance division's ability to fund its operations in
17 the first three months of the fiscal year. The purpose of this
18 Act is to amend the formula for assessments to allow the



1 insurance division to ensure continued operations during the
2 first three months of each new fiscal year.

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

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

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

11 (2) The total amount or amounts to be assessed of insurers
12 or entities regulated under title 24 in all lines or
13 types of insurance shall be calculated based on one
14 hundred twenty-five per cent of the commissioner's
15 proposed fiscal year budget~~[,--less]~~;

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

21 (B) Less the commissioner's anticipated revenues;



1 (3) The assessments by line or type shall bear a
2 reasonable relationship to the costs of regulating the
3 line or type of insurance, including any
4 administrative costs of the division; and

5 (4) The sum total of all assessments made and collected
6 shall not exceed the special fund ceiling or ceilings
7 related to the fund that are established by the
8 legislature; provided that the total assessments for
9 all lines or types of insurance in any one fiscal year
10 shall not exceed \$5,000,000."

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

13 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. (SD1)

