

JAN 26 2011

## A BILL FOR AN ACT

RELATING TO CAPTIVE INSURANCE COMPANIES.

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

1           SECTION 1. Section 431:19-101, Hawaii Revised Statutes, is  
2 amended as follows:

3           1. By amending the definition of "affiliated entity" to  
4 read:

5           "Affiliated entity" means any company, person, or other  
6 entity in the same corporate system as a parent or a member  
7 organization by virtue of common ownership, control, operation,  
8 or management, or, in the case of a pure captive insurance  
9 company, a company, person, or other entity that maintains a  
10 working relationship with and whose risks insured by the pure  
11 captive insurance company are [directly or indirectly controlled  
12 by the parent or an affiliate of the parent of a pure captive  
13 insurance company.] similar or related to the other risks of the  
14 parent insured by the pure captive insurance company."

15           2. By amending the definition of "parent" to read:

16           "Parent" means a corporation, limited liability company,  
17 partnership, other entity, or individual, that directly or  
18 indirectly ~~[owns, controls, or holds with power to vote more~~



1 ~~than fifty per cent of the outstanding voting interests of a~~  
2 ~~pure captive insurance company organized as a stock corporation,~~  
3 ~~nonprofit corporation, or limited liability company.] controls~~  
4 ~~and has the power to direct the management and policies of the~~  
5 ~~pure captive insurance company through the ownership of voting~~  
6 ~~interests or securities."~~

7 SECTION 2. Section 431:19-115, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9 "(a) No insurance laws of this State other than those  
10 contained in this article, or [~~contained~~] stated in specific  
11 references contained in this section or this article, shall  
12 apply to captive insurance companies formed under this article.  
13 In addition to this article, article 1, article 2, sections  
14 431:3-302 to 431:3-304, section 431:3-307, article 4A, parts I  
15 and II of article 5, article 6, [~~article 11, and~~] article 15 of  
16 this chapter, and chapter 431K shall apply to [~~captive insurance~~  
17 ~~companies other than pure captive insurance companies and branch~~  
18 ~~captive insurance companies,]~~ risk retention captive insurance  
19 companies, unless these other laws are inconsistent with this  
20 article or the commissioner by rule, regulation, or order  
21 determines, on a case by case basis that these other laws  
22 [~~should not~~] shall or shall not apply [~~thereto.~~



1       ~~In addition to this article, and except as otherwise~~  
2 ~~provided in this article, article 1, article 2, article 6,~~  
3 ~~article 11, and article 15 of this chapter shall apply to class~~  
4 ~~5 companies, unless these other laws are inconsistent with this~~  
5 ~~article or the commissioner by rule, regulation, or order~~  
6 ~~determines, on a case by case basis that these other laws should~~  
7 ~~not apply thereto.~~

8       ~~In addition to this article and the articles or portions~~  
9 ~~thereof referenced in this section, chapter 431K shall apply to~~  
10 ~~risk retention captive insurance companies authorized under this~~  
11 ~~article]."~~

12       SECTION 3. Section 431:19-308, Hawaii Revised Statutes, is  
13 amended to read as follows:

14       "~~[+]~~ §431:19-308 ~~[+]~~ **Applicable laws.** A sponsored captive  
15 insurance company shall be subject to this part and to part  
16 ~~[+-]~~ I. If there is any conflict between this part and part  
17 ~~[+-]~~ I, this part shall control."

18       SECTION 4. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

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# S.B. NO. 1177

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

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**Report Title:**

Captive Insurance Companies

**Description:**

Expands the types of related entities that may be affiliated with and insured by a pure captive insurance company; clarifies exceptions available to various classes of captive insurance companies; makes housekeeping amendments.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

