

JAN 17 2014

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# A BILL FOR AN ACT

RELATING TO SURETY INSURANCE.

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

1           SECTION 1. Chapter 431:10F, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§431:10F-           Disclosure requirements. (a) Each surety  
5 company issuing a surety bond contract that is executed by a  
6 principal acting in the principal's individual capacity shall:

7           (1) Disclose, in writing, all potential personal losses to  
8           the principal arising from any action on the surety  
9           bond; and

10           (2) Provide each principal under this section who is over  
11           the age of sixty-two years with counseling, as  
12           prescribed by the department of commerce and consumer  
13           affairs, regarding the principal's capacity to sustain  
14           personal losses that may arise from any action on the  
15           surety bond.

16           (b) This section shall not apply to a principal acting in  
17 the capacity as an employee or corporate officer."

18           SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval.

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# S.B. NO. 2440

**Report Title:**

Contractors; Surety Bond; Performance Bond; Surety Company;  
Elderly

**Description:**

Requires surety companies to disclose risks of default to  
principals when signing surety bonds.

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

