A BILL FOR AN ACT

RELATING TO THE REGULATORY AUTHORITY OF THE INSURANCE COMMISSIONER.

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

1	SECT	ION 1	. Section 431:7-101, Hawaii Revised Statutes, is
2	amended t	o read	d as follows:
3	"§ 4 3	1:7-1	O1 Fees. (a) The commissioner shall collect, in
4	advance,	the f	ollowing fees:
5	(1)	Cert	ificate of authority:
6		(A)	Application for certificate of authority\$900
7		(B)	Issuance of certificate of authority\$600
8		(C)	Application for motor vehicle self-insurance
9			\$300
10	(2)	Orga	nization of domestic insurers and affiliated
11		corp	orations:
12		(A)	Application for solicitation permit\$1,500
13		(B)	Issuance of solicitation permit\$150
14	(3)	[Pro	ducer's Resident producer's license:
15		(A)	Issuance of regular license\$50
16		(B)	Issuance of temporary license\$50

1	(4)	Nonresident producer's license: Issuance\$75
2	(5)	Independent adjuster's license: Issuance\$75
3	(6)	Public adjuster's license: Issuance\$75
4	(7)	Claims adjuster's limited license: Issuance\$75
5	(8)	Administrator's license: Issuance\$150
6	(9)	Independent bill reviewer's license: Issuance\$80
7	(10)	Limited producer's license: Issuance\$60
8	(11)	Managing general agent's license: Issuance\$75
9	(12)	Reinsurance intermediary's license: Issuance\$75
10	(13)	Surplus lines broker's license: Issuance\$150
11	(14)	Pharmacy benefit manager's registration: Issuance
12		\$140
13	[(14)]	(15) Service contract provider's registration:
14		Issuance\$75
15	[(15)]	(16) Approved course provider certificate:
16		Issuance\$100
17	[(16)]	(17) Approved continuing education course
18		certificate: Issuance\$30
19	[(17)]	(18) Vehicle protection product warrantor's
20		registration: Issuance\$75

1	[(18)]	(19) Criminal history record check; fingerprinting:
2		For each criminal history record check and
3		fingerprinting check, a fee to be established by the
4		commissioner.
5	[(19)]	(20) Limited line motor vehicle rental company
6		producer's license: Issuance\$1,000
7	(21)	Limited lines portable electronics producer's
8		license: Issuance5,000
9	(22)	Limited lines self-service storage producer's license:
10		Issuance\$60
11	[(20)]	(23) Legal service plan certificate of authority:
12		Issuance before July 1, 2014\$1,000
13		Issuance on or after July 1, 2014\$500
14	[(21)]	(24) Life settlement provider's license:
15		Issuance before July 1, 2014\$150
16		Issuance on or after July 1, 2014\$75
17	[(22)]	(25) Life settlement broker's license:
18		Issuance before July 1, 2014\$150
19		Issuance on or after July 1, 2014\$75
20	[(23)]	(26) Examination for license: For each examination,
21		a fee to be established by the commissioner

1	(b)	The fees for services of the department of commerce
2	and consu	mer affairs subsequent to the issuance of a certificate
3	of author	ity, license, registration, or other certificate are as
4	follows:	
5	(1)	\$600 per year for all services (including extension of
6		the certificate of authority) for an authorized
7		insurer;
8	(2)	\$50 per year for all services (including extension of
9		the license) for a regularly licensed <u>resident</u>
10		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 claims adjuster's limited license;

1	(7)	\$150 per year for all services (including extension of
2		the license) for an administrator's license;
3	(8)	\$60 per year for all services (including extension of
4		the license) for a regularly licensed independent bill
5		reviewer;
6	(9)	\$45 per year for all services (including extension of
7		the license) for a producer's limited license;
8	(10)	\$75 per year for all services (including extension of
9		the license) for a regularly licensed managing general
10		agent;
11	(11)	\$75 per year for all services (including extension of
12		the license) for a regularly licensed reinsurance
13		intermediary;
14	(12)	\$45 per year for all services (including extension of
15		the license) for a licensed surplus lines broker;
16	(13)	\$140 per year for all services (including renewal of
17		registration) for a pharmacy benefit manager;
18	[(13)]	(14) \$75 per year for all services (including renewal
19		of registration) for a service contract provider;

1	[-(14)-]	(15) \$65 per year for all services (including
2		extension of the certificate) for an approved course
3		provider;
4	[(15)]	(16) \$20 per year for all services (including
5		extension of the certificate) for an approved
6		continuing education course;
7	[(16)]	(17) \$75 per year for all services (including renewal
8		of registration) for a vehicle protection product
9		warrantor;
10	[(17)]	(18) A fee to be established by the commissioner for
11		each criminal history record check and fingerprinting;
12	[(18)]	(19) \$600 per year for all services (including
13		extension of the license) for a regularly licensed
14		limited line motor vehicle rental company producer;
15	(20)	\$2,500 per year for all services (including extension
16		of the license) for a regularly licensed limited lines
17		<pre>portable electronics producer;</pre>
18	(21)	\$45 per year for all services (including extension of
19		the license) for a regularly licensed limited lines
20		self-service storage producer;

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        [\frac{(19)}{(22)}] $1,000 per year for all services provided before
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               July 1, 2014, (including extension of the certificate)
3
               for an authorized legal service plan;
4
        [\frac{(20)}{(23)}] (23) $500 per year for all services provided on or
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               after July 1, 2014, (including extension of the
6
               certificate) for an authorized legal service plan;
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        \left(\frac{(21)}{(21)}\right) (24) $1,200 per year for all services (including
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               extension of the license) for a regularly licensed
9
               life settlement provider; and
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       [\frac{(22)}{(25)}] (25) $150 per year for all services (including
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               extension of the license) for a regularly licensed
12
               life settlement broker.
13
    The services referred to in paragraphs (1) to [\frac{(22)}{(22)}] (25) shall
    not include services in connection with examinations,
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15
    investigations, hearings, appeals, and deposits with a
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    depository other than the department of commerce and consumer
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    affairs.
18
               The commissioner shall notify the holder of a
19
    certificate of authority issued under article 3 by written
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    notice at least thirty days prior to the extension date of the
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    certificate of authority[, license,] or other certificate.
                                                                     The
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- 1 annual fee for all services shall be due and payable by
- 2 electronic payment via the National Association of Insurance
- 3 Commissioners' Online Premium Tax for Insurance or an equivalent
- 4 service approved by the commissioner. If the fee is not paid
- 5 before or on the extension date, the fee shall be increased by a
- 6 penalty in the amount of fifty per cent of the fee. The
- 7 commissioner shall provide notice in writing of the delinquency
- 8 of extension and the imposition of the authorized penalty. If
- 9 the fee and the penalty are not paid within thirty days
- 10 immediately following the date of notice of delinquency, the
- 11 commissioner may revoke, suspend, or inactivate the certificate
- 12 of authority[license.] or other certificate, and may not
- 13 reissue, remove the suspension of, or reactivate the certificate
- 14 of authority[, license,] or other certificate until the fee and
- 15 penalty have been paid.
- 16 (d) The commissioner shall notify licensees and
- 17 registrants by written notice at least thirty days before the
- 18 extension date of the license or registration. If the fee is
- 19 not paid before or on the renewal date for a license or
- 20 registration, the fee shall be increased by a penalty in the
- 21 amount of double the unpaid renewal fee.

- 1 [(d)] (e) Failure to pay the fee before or on the renewal
- 2 or extension date for a license, registration, or other
- 3 certificate [issued under article 9 or 9A] shall cause the
- 4 automatic inactivation of the license, registration, or other
- 5 certificate [effective as of the extension date].
- 6 [(e)] <u>(f)</u> All fees and penalties <u>are nonrefundable</u> and
- 7 shall be deposited to the credit of the compliance resolution
- 8 fund."
- 9 SECTION 2. Section 431:8-102, Hawaii Revised Statutes, is
- 10 amended as follows:
- 11 1. By amending the definition of "business entity" to
- 12 read:
- ""Business entity" means an association, corporation,
- 14 [individual,] limited liability company, limited liability
- 15 partnership, partnership, [person,] or other legal entity."
- 2. By amending the definition of "individual" to read:
- ""Individual" means a natural person [or a business
- 18 entity]."
- 19 SECTION 3. Section 431:8-310, Hawaii Revised Statutes, is
- 20 amended by amending subsection (e) to read as follows:

1 "(e) A surplus lines broker license shall be inactivated 2 if the licensee fails to pay any required fee or penalty. A 3 surplus lines broker who allows the surplus lines broker's 4 license to become inactive for nonpayment of the renewal fee may 5 reinstate that license without the necessity of a written 6 examination; provided that the surplus lines broker: 7 Pays the fee and a penalty in the amount of [fifty per (1) 8 cent of] double the [then unpaid] then-unpaid fees 9 within [twenty-four] twelve months from the 10 inactivation date; and 11 (2) Is in compliance with all the requirements of 12 chapter 431. 13 [The license shall automatically expire if the surplus lines broker does not reinstate the surplus lines broker's license 14 15 within the twenty-four month period.]" 16 SECTION 4. Section 431:8-327, Hawaii Revised Statutes, is 17 amended as follows: 18 1. By amending subsection (a) to read: 19 "(a) To qualify for a license renewal, a licensee shall: 20 (1) [During the twenty-four months preceding a 21 license renewal, complete the required number of

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              credit hours specified in subsection (b) in approved
 2
              continuing education courses; and
3
              Pay the fees as required under section 431:7-101."
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         2. By amending subsection (h) to read:
5
         "(h) A licensee need not retake the surplus lines broker
6
    license examination; provided that all renewal requirements in
7
    this section are met or reactivation occurs within [two years]
8
    twelve months of the date of inactivation."
9
         SECTION 5. Section 431:9-206, Hawaii Revised Statutes, is
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    amended to read as follows:
         "§431:9-206 Examinations for license. [<del>(a) Each</del>] Prior
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12
    to the issuance of the license, each applicant for license as an
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    adjuster or independent bill reviewer shall [prior to the
14
    issuance of any such license, personally take and pass to the
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    satisfaction of the commissioner an examination given by the
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    commissioner as a test of the applicant's qualifications and
17
    competence.
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         [(b) This requirement shall not apply to applicants who at
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    any time within the three-year period next preceding date of
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    application held a license in this State which conferred powers
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comparable to those being applied for.

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         (c) Applicants who held a license on December 31, 1987,
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    shall not, for the purpose of qualifying for the issuance or
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    extension of such license after January 1, 1988, be required to
4
    take an examination. ]"
5
         SECTION 6. Section 431:9-232, Hawaii Revised Statutes, is
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    amended by amending subsections (a) and (b) to read as follows:
7
         "(a) Prior to the renewal or extension of a license, each
8
    licensee shall [annually] pay the fee required in
9
    section 431:7-101.
10
         (b) A license for an adjuster or independent bill reviewer
    shall be inactivated if a licensee fails to pay any required
11
12
    fees or penalties.
13
         An adjuster or independent bill reviewer who allows the
14
    adjuster's or independent bill reviewer's license to become
15
    inactive for nonpayment of the renewal fee may reinstate that
16
    license without the necessity of a written examination; provided
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    that the adjuster or independent bill reviewer:
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              Pays the fee and a penalty in the amount of [fifty per
         (1)
19
              cent of] double the [then unpaid] then-unpaid fees
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              within [twenty-four] twelve months from the
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              inactivation date; and
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- 1 (2) Is in compliance with all the requirements of chapter 431.
- 3 [The license shall automatically expire if the adjuster or
- 4 independent bill reviewer does not reinstate the license within
- 5 the twenty-four-month period.]"
- 6 SECTION 7. Section 431:9A-102, Hawaii Revised Statutes, is
- 7 amended as follows:
- 8 1. By amending the definition of "business entity" to
- 9 read:
- 10 ""Business entity" means an association, corporation,
- 11 [individual,] limited liability company, limited liability
- 12 partnership, partnership, [person,] or other legal entity."
- 2. By amending the definition of "individual" to read:
- ""Individual" means a natural person [or a business
- 15 entity]."
- 16 SECTION 8. Section 431:9A-106, Hawaii Revised Statutes, is
- 17 amended by amending subsection (a) to read as follows:
- 18 "(a) A person applying for an insurance producer license
- 19 shall make application to the commissioner on the uniform
- 20 application and declare under penalty of denial, suspension, or
- 21 revocation of the license that the statements made in the

I	applicati	on are true, accurate, and complete to the best of the
2	applicant	's knowledge and belief. Before approving the
3	applicati	on, the commissioner shall find that the applicant:
4	(1)	Is at least eighteen years of age;
5	(2)	Has not committed any act that is a ground for a
6		licensure sanction set forth in section 431:9A-112;
7	(3)	Has paid the applicable fees set forth in
8		section 431:7-101;
9	(4)	Has passed, within the two years immediately preceding
10		the [date of the examination or] issuance of the
11		license, [whichever is later,] the applicable
12		examination for each line of authority for which the
13		applicant has applied; and
14	(5)	Has submitted a full set of fingerprints, including a
15		scanned file from a hard copy fingerprint, for the
16		commissioner to obtain and receive national and state
17		<pre>criminal history [+]record[+] checks from the Federal</pre>
18		Bureau of Investigation and the Hawaii criminal
19		justice data center, pursuant to section 846-2.7."
20	SECT	ION 9. Section 431:9A-107, Hawaii Revised Statutes, is
21	amended b	y amending subsection (c) to read as follows:

1	"(c) An insurance producer who allows the producer's
2	license to become inactive for nonpayment of the renewal fee may
3	reinstate that license without the necessity of passing a
4	written examination, if the fee payable and a penalty in the
5	amount of [fifty per cent of then unpaid] double the then-unpaid
6	renewal fees are paid within [twenty-four] twelve months from
7	the inactivation date and the producer is in compliance with all
8	the requirements of chapter 431. [If the license is not
9	reinstated within the twenty-four-month period, the license
10	shall automatically expire.]"
11	SECTION 10. Section 431:9A-124, Hawaii Revised Statutes,
12	is amended as follows:
13	1. By amending subsection (a) to read:
14	"(a) To qualify for a license renewal, a licensee shall:
15	(1) [During the twenty-four months preceding]
16	Preceding a license renewal, complete the
17	required number of credit hours as set forth in
18	subsection (b) in approved continuing education
19	courses; and
20	(2) Pay the fees as required under
21	section 431:7-101."

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         2. By amending subsection (h) to read as follows:
2
         "(h) A licensee need not retake the producer license
3
    examination; provided that renewal requirements in this section
4
    are met or reactivation occurs within [two years] twelve months
5
    of the date of inactivation."
6
         SECTION 11. Section 431:9A-176, Hawaii Revised Statutes,
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    is amended by amending subsection (e) to read as follows:
8
         "(e) Each owner licensed under this part shall pay to the
9
    commissioner the limited lines producer's [application fee and
10
    license fee pursuant to section 431:7-101."
11
         SECTION 12. Section 431:9B-102, Hawaii Revised Statutes,
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    is amended to read as follows:
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         "$431:9B-102 Licensure. (a) [Persons, firms,
14
    associations, and corporations acting as a reinsurance
15
    intermediary-broker in this State shall maintain a license as a
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    reinsurance intermediary-broker in this State. The reinsurance
17
    intermediary broker shall maintain a license in every state
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    where it maintains an office, either directly, as a member or
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    employee of a firm or association, or as an officer, director,
20
    or employee of a corporation.] No person, firm, association, or
21
    corporation shall act as a reinsurance intermediary-broker in
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1	this Stat	e if the reinsurance intermediary-broker maintains an	
2	office ei	ther directly or as a member or employee of a firm or	
3	association, or as an officer, director, or employee of a		
4	corporati	on:	
5	(1)	In this State, unless the reinsurance	
6		intermediary-broker is a licensed producer or	
7		reinsurance intermediary in this State; or	
8	(2)	In another state, unless the reinsurance	
9		intermediary-broker is a licensed producer in this	
10		State or another state having a law substantially	
11		similar to this article.	
12	(d)	[Persons, firms, associations, and corporations acting	
13	as a rein	surance intermediary-manager for a reinsurer domiciled	
14	in this S	tate shall maintain a license as a reinsurance	
15	intermedi	ary-manager in this State. A reinsurance intermediary-	
16	manager l	icense shall be required to act as a reinsurance	
17	intermedi	ary-manager in this State for a nondomestic reinsurer.	
18	No person	, firm, association, or corporation shall act as a	
19	reinsuran	ce intermediary-manager:	

1	(1)	For a reinsurer domiciled in this State, unless the
2		reinsurance intermediary-manager is a licensed
3		producer in this State; or
4	(2)	In this State, if the reinsurance intermediary-manager
5		maintains an office either directly or as a member or
6		employee of a firm or association, or as an officer,
7		director, or employee of a corporation in this State,
8		unless the reinsurance intermediary-manager is a
9		licensed producer or reinsurance intermediary in this
10		State.
11	(c)	The commissioner may require a reinsurance
12	intermedi	ary-manager subject to subsection (b) to:
13	(1)	File a bond from an insurance company licensed to do
14		business within the State or with an insurance company
15		approved by the commissioner, in an amount equal to
16		\$500,000 or ten per cent of the annual reinsurance
17		premiums managed by the reinsurance
18		intermediary-manager, whichever is greater, except
19		that the bond amount under this paragraph shall not
20		exceed \$10,000,000, for the protection of the
21		reinsurer;

1	(2)	Maintain an errors and omissions policy[$ au$] with an
2		insurance company licensed to do business within the
3		State or with an insurance company approved by the
4		commissioner, in an amount equal to \$250,000 or
5		twenty-five per cent of the annual reinsurance
6		premiums managed by the reinsurance
7		intermediary-manager, whichever is greater, except
8		that the policy limits under this paragraph shall not
9		exceed \$10,000,000; and
10	(3)	Provide any other report required by the commissioner.
11	At the con	mmissioner's request, the reinsurance
12	intermedi	ary-manager shall provide the commissioner with proof
13	of the bo	nd and $[rac{ ext{the}}{ ext{}}]$ policy $[au]$ and appropriate documentation to
14	show that	the bond and [the] policy continue to be in effect, or
15	that a ne	w bond and $[a]$ new policy have been secured.
16	(d) (1)	The commissioner may issue a reinsurance intermediary
17		license to any person, firm, association, or
18		corporation that has complied with the requirements of
19		this article. Any [such] reinsurance intermediary
20		license issued to a firm or \underline{an} association shall
21		authorize all the members of that firm or association

and any designated employees to act as reinsurance
intermediaries under the license, and all those
persons shall be named in the application and any
supplements thereto. Any [such] reinsurance
intermediary license issued to a corporation shall
authorize all of the officers, and any designated
employees and directors thereof, to act as reinsurance
intermediaries on behalf of the corporation, and all
those persons shall be named in the application and
any supplements thereto.

license is a nonresident, the applicant, as a condition precedent to receiving or holding a license, shall designate the commissioner as agent for service of process in the manner[7] and with the same legal effect[7] provided for by this article for service of process upon unauthorized insurers[7 and]. The applicant shall also furnish the commissioner with the name and address of a resident of this State upon whom notices or orders of the commissioner or process affecting the nonresident reinsurance intermediary may

1		be s	erved. The licensee shall promptly notify the
2		comm	issioner in writing of every change in its
3		desi	gnated agent for service of process, and [such]
4		the	change shall not become effective until
5		ackn	owledged by the commissioner.
6	(3)	The	commissioner shall issue a nonresident reinsurance
7		inte	rmediary license if:
8		(A)	The applicant is currently licensed as a resident
9			reinsurance intermediary or <u>an</u> insurance producer
10			pursuant to article 9A and in good standing in
11			the applicant's home state;
12		(B)	The applicant has submitted the proper request
13			for licensure and paid the fees required by
14			section 431:7-101;
15		(C)	The applicant has submitted or transmitted to the
16			commissioner the application for licensure that
17			the applicant submitted to the applicant's home
18			$state[_{ au}]$ or $\underline{\ }$ in lieu of the same, a completed
19			uniform application; and

1	(D) The person's nome state awards nonresident
2	licenses to residents of this State on the same
3	basis.
4	(e) The commissioner may refuse to issue a reinsurance
5	intermediary license if, in the commissioner's judgment, the
6	applicant, anyone named on the application, or any member,
7	principal, officer, or director of the applicant, is not
8	trustworthy, or that any controlling person of the applicant is
9	not trustworthy to act as a reinsurance intermediary, or that
10	any of the foregoing has given cause for revocation or
11	suspension of [such] the license, or has failed to comply with
12	any prerequisite for the issuance of the license. Upon writter
13	request therefor, the commissioner shall furnish a summary of
14	the basis for refusal to issue a license, which document shall
15	be privileged and not subject to disclosure pursuant to
16	chapter 92F.
17	(f) Licensed attorneys at law of this State, when acting
18	in their professional capacity as such, shall be exempt from
19	this section.

- 1 Licensing procedure, duration, and related matters (q) 2 affecting reinsurance intermediaries shall be governed by 3 articles 7 and 9A." 4 SECTION 13. Section 431:9J-102, Hawaii Revised Statutes, 5 is amended by amending subsection (f) to read as follows: 6 "(f) The license shall be renewable or extendable 7 biennially. [The renewal or extension date for a license issued 8 to a natural person shall be the sixteenth day of the licensee's 9 birth month. The renewal or extension date for a license issued 10 to an artificial person shall be the sixteenth day of April for 11 a nonresident licensee, and the sixteenth day of July for a 12 resident licensee.] The license shall remain in effect so long 13 as the fees set forth in section 431:7-101 are paid." 14 SECTION 14. Section 431:31-107, Hawaii Revised Statutes, 15 is amended to read as follows: 16 "\$431:31-107 Application for license and fees. (a) A 17 sworn application for a license under this article shall be 18 filed with the commissioner on forms prescribed and furnished by
- 20 (b) The application for a license shall provide the:

the commissioner.

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1	(1)	Name, residence address, [electronic-mail] electronic
2		<pre>mail address, and other information required by the</pre>
3		commissioner for an employee or officer of the vendor
4		that is designated by the applicant as the person
5		responsible for the vendor's compliance with the
6		requirements of this article; provided that $[\tau]$ if the
7		vendor derives more than fifty per cent of its revenue
8		from the sale of portable electronics insurance, the
9		information in this paragraph shall be provided for
10		all officers, directors, and shareholders of record
11		having beneficial ownership of ten per cent or more of
12		any class of securities registered under the federal
13		securities law; and

- (2) Location of the applicant's home office.
- (c) Any vendor engaging in portable electronics insurance transactions on or before [f]January 1, 2013, [f] shall apply for licensure within ninety days of the application's being made available by the commissioner. Any applicant commencing operations after [f]January 1, 2013, [f] shall obtain a license prior to offering portable electronics insurance.

1 (d) [Initial licenses issued pursuant to this article shall be valid for a period of not less than twenty-four months. 2 3 Renewed licenses shall be valid for a period of twenty-four months.] The license shall be renewable biennially. Licensing 4 5 fees shall be governed by section 431:7-101. 6 [(e) Each vendor licensed under this article shall pay to the commissioner a fee of \$5,000 for the issuance of the initial 7 8 portable electronics limited lines license, plus a license-fee 9 of \$2,500 per year for the initial or renewal term. A pro rata 10 portion of the license fee may be applied for a partial year of 11 the initial term. " 12 SECTION 15. Statutory material to be repealed is bracketed 13 and stricken. New statutory material is underscored. 14 SECTION 16. This Act shall take effect on January 1, 2050.

Report Title:

Producer; Adjuster; Independent Licensing; Reinsurance; Licensing; National Association of Insurance Commissioners; Fees; Applications; Certificates; Registrations; Renewals

Description:

Adopts certain provisions of the National Association of Insurance Commissioners' Producer Licensing Model Act, Public Adjuster Licensing Model Act, Reinsurance Intermediary Model Act, and Independent Adjuster Licensing Model Guidelines to provide consistency and promote efficiency in processing insurance licensing fees, applications, certificates, registrations, and renewals. Effective 1/1/2050. (HD1)

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