

JAN 17 2025

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 431:21-105, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§431:21-105 Powers and duties of the association.** (a)

4 In addition to any other requirements imposed by law, the
5 association shall:

6 (1) Formulate and administer a plan of operation to insure
7 persons having an insurable interest in real property,
8 including commercial property, or tangible personal
9 property in the area designated by the commissioner;
10 provided that coverage for commercial risks shall be
11 contingent upon the person being denied such coverage
12 by no less than two insurers;

13 (2) Reimburse each servicing facility for obligations of
14 the association paid by the facility and for expenses
15 incurred by the facility while processing applications
16 and servicing policies on behalf of the association;
17 and



S.B. NO. 706

1 (3) Collect and maintain statistical information and other
2 information required by the commissioner.

3 (b) In addition to any other powers allowed by law, the
4 association may:

5 (1) Add additional insurance coverages with the approval
6 of the commissioner~~[, including coverage for~~
7 ~~commercial risks up to the limits of coverage for~~
8 ~~residential risks as set forth in the plan of~~
9 ~~operation]~~;

10 (2) Employ or retain persons as are necessary to perform
11 the duties of the association;

12 (3) Contract with a member insurer to perform the duties
13 of the association;

14 (4) Sue or be sued;

15 (5) Borrow funds necessary to effectuate the purposes of
16 this article in accord with the plan of operation;

17 (6) If approved by the commissioner, assess member
18 insurers amounts necessary to cover extraordinary
19 losses incurred by the association. Each member
20 insurer shall be notified of the assessment not later
21 than thirty days before it is due. No member insurer



1 may be assessed in any year an amount greater than two
2 per cent of that member insurer's net direct written
3 premiums for the preceding calendar year. The
4 association may exempt or defer, in whole or in part,
5 the assessment of any member insurer if the assessment
6 would cause the member insurer's financial statement
7 to reflect amounts of capital or surplus less than the
8 minimum amounts required for a certificate of
9 authority by any jurisdiction in which the member
10 insurer is authorized to transact business;

11 (7) Devise a method to give credit to member insurers for
12 homeowners and fire insurance policies individually
13 underwritten on risks located in the area designated
14 for coverage by the association;

15 (8) Negotiate and become a party to contracts as are
16 necessary to carry out the purposes of this article;
17 and

18 (9) Perform all other acts as are necessary or proper to
19 effectuate the purpose of this article."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



S.B. NO. 706

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

2

INTRODUCED BY:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over a horizontal line.

S.B. NO. 706

Report Title:

Insurance; Hawaii Property Insurance Association; Plan of
Operation; Commercial Properties

Description:

Requires the Hawaii Property Insurance Association to include in
its plan of operation insurance coverage for commercial
properties twice denied by private insurers.

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

