

A Bill for an Act Relating to Benefit Societies.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 432, Hawaii Revised Statutes, is amended by adding to article 1 a new section to be appropriately designated and to read as follows:

“§432:1- Annual audit. (a) Annually on or before June 1, or such later date as the commissioner upon request or for cause may specify, each domestic mutual benefit society shall file an audit by a designated independent certified public accountant or accounting firm of the financial statements reporting the financial condition and the results of operations of the mutual benefit society. The audited financial statement may use either generally accepted accounting principles (GAAP) or statutory accounting principles (SAP). If the GAAP method is used, a reconciliation of the financial statement to the SAP must be provided to the commissioner. The mutual benefit society, on an annual basis and prior to the commencement of the audit, shall notify the commissioner in writing of the name and address of the person or firm retained to conduct the annual audit. The commissioner may disapprove the mutual benefit society’s designation within fifteen days of receipt of the mutual benefit society’s notice, and the mutual benefit society shall be required to designate another independent certified public accountant or accounting firm.

(b) The commissioner may suspend or revoke the certificate of compliance of any mutual benefit society that fails to file any of the documents required in subsection (a). In lieu of or in addition to suspension or revocation of the certificate of compliance of any mutual benefit society, the commissioner may impose on the mutual benefit society a penalty in the amount of not less than \$100 and not more than \$500 for each day of delinquency.”

SECTION 2. New statutory material is underscored.¹

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

(Approved June 8, 1995.)

Note

1. Edited pursuant to HRS §23G-16.5.