

ACT 76

H.B. NO. 2487

A Bill for an Act Relating to Financing the Hawaii Hurricane Relief Fund.

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

SECTION 1. Section 431P-5.5, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§431P-5.5~~]]~~ Accumulation of \$500,000,000 in funds and commitments. (a) Upon written confirmation from the insurance commissioner that the director of finance has secured \$500,000,000, in the aggregate, in the form of:

- (1) Commitments from either the federal government or an agency of the federal government or a financial institution;

(2) Revenue bonds[;] other than those issued or to be issued in response to the occurrence of a covered event; or

(3) A combination of the commitments or bonds;

the Hawaii hurricane relief fund shall:

(1) Control or freeze rates; and

(2) [Begin] Continue accumulating premiums from policies of hurricane property insurance[,] and the special mortgage recording fee, [the 3.75 per cent annual assessment on insurance companies' property and casualty premiums, and the interest thereon,] net of any [required] reinsurance payments, operating expenses and funds necessary for the development of a comprehensive loss reduction plan.

(b) When the balance of the net moneys accumulated totals \$500,000,000, the Hawaii hurricane relief fund [shall] may notify the insurance commissioner of that fact. The insurance commissioner, in turn, [shall] may order, following the receipt of the notice, a reduction in the rates for policies of hurricane property insurance.

(c) In the event of a loss from a covered event, the net moneys accumulated shall be used to [reduce the commitments and bonds described under subsection (a). The commitments, plus bonds, plus the net moneys accumulated shall be used to settle claims in the event of a covered event in an amount not exceeding \$500,000,000 in the aggregate, per covered event.] settle claims and pay current and ongoing expenses of the Hawaii hurricane relief fund. The net accumulated moneys, commitments, and bonds described in subsection (a)(2) shall be used only in the event losses from a covered event exceed the assessment pursuant to section 431P-5(b)(8)(B).

(d) In the event the balance of the net accumulated moneys falls below \$400,000,000, the Hawaii hurricane relief fund shall establish rates, subject to the approval of the insurance commissioner, necessary to replenish the account balance to \$500,000,000[.] as promptly as reasonably practicable. The director of finance shall seek to arrange [for] additional commitments whenever the account balance falls below \$400,000,000.

(e) The Hawaii hurricane relief fund shall be exempt from paying all taxes and fees levied by the State on other insurers.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

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

(Approved April 27, 2000.)