

ACT 120

S.B. NO. 1067

A Bill for an Act Relating to Limiting Hurricane Property Insurance Risk.

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

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

“§431:3- Residential hurricane coverage. (a) Upon written request of the commissioner by certified mail, an insurer writing the peril of residential hurricane coverage in this State shall within thirty days after receipt of the request, make accessible to the commissioner or commissioner’s designee information verifying that the insurer has the financial assets and ability to cover its hurricane insurance exposure. The information to be made accessible shall include:

- (1) The aggregate amount of hurricane coverage premiums and aggregate limits of coverage by type of coverage, which shall be compiled on a quarterly basis;
- (2) The probable maximum loss associated with the above aggregate limits, assuming the occurrence of a hurricane of a severity unlikely to occur more frequently than once every one hundred years, as that loss is estimated in a report prepared by a recognized hurricane modeling company;
- (3) All financial information relating to the insurer’s capital base and reinsurance program for hurricane losses, such as:
 - (A) Information describing the reinsurance program in place as of the date notice was received;
 - (B) The names and financial ratings of each reinsurer;
 - (C) Aggregate limits of reinsurance coverage available; and
 - (D) Reinstatement provisions;
 and
- (4) Any other related information the commissioner may require to evaluate the adequacy of the program.

(b) If the commissioner determines that the loss estimated pursuant to subsection (a) exceeds the sum of an insurer’s capitalization and available reinsurance, the commissioner may further examine that insurer’s financial position as allowed by article 2 and commence supervisory and other appropriate proceedings under article 15.

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(c) The cost of an examination under this section shall be assessed against the insurer being examined and remitted to the commissioner for deposit into the insurance regulation fund.

(d) Any final order or decision of the commissioner under this section shall be made pursuant to chapter 91.’’

SECTION 2. New statutory material is underscored.¹

SECTION 3. This Act shall take effect upon its approval; provided that insurers affected by this Act shall not be subject to its provisions before January 1, 2002.

(Approved May 18, 2001.)

Note

1. Edited pursuant to HRS §23G-16.5.