

A Bill for an Act Relating to Insurance.

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

SECTION 1. Section 431:9A-102, Hawaii Revised Statutes, is amended by amending subsections (c) and (d) to read as follows:

“(c) The commissioner ~~[may]~~ shall require the managing general agent to furnish a bond in an amount ~~[acceptable to the commissioner with]~~ equal to \$100,000 or ten per cent of annual gross direct written premiums, whichever is greater, with an insurance company licensed to do business within the State or with an insurance company [acceptable to] approved by the commissioner, for the protection of the insurer. Each managing general agent shall provide the commissioner with:

- (1) Proof of the bond at the time of the initial application for licensure; and
- (2) Appropriate documentation at the time of each renewal to show that the bond continues to be in effect or that a new bond has been secured.

(d) The commissioner ~~[may]~~ shall require the managing general agent to maintain an errors and omissions policy in an amount ~~[acceptable to the commissioner with]~~ equal to \$1,000,000 or twenty-five per cent of annual gross direct written premiums, whichever is greater, with an insurance company licensed to do business within the State or an insurance company [acceptable to] approved by the commissioner. Each managing general agent shall provide the commissioner with:

- (1) Proof of the policy at the time of the initial application for licensure; and
- (2) Appropriate documentation at the time of each renewal to show that the policy continues to be in effect or that a new policy has been secured.”

SECTION 2. Section 431:9B-102, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The commissioner ~~[may]~~ shall require a reinsurance intermediary-manager subject to subsection (b) to:

- (1) File a bond from an insurance company licensed to do business within the State or with an insurance company approved by the commissioner in an amount [and from an insurer acceptable to the commissioner] equal to \$500,000 or ten per cent of the annual reinsurance premiums

- managed by the reinsurance intermediary-manager, whichever is greater, except that the bond amount under this paragraph shall not exceed \$10,000,000, for the protection of the reinsurer; and
- (2) Maintain an errors and omissions policy, with an insurance company licensed to do business within the State or with an insurance company approved by the commissioner, in an amount [~~and from an insurer acceptable to the commissioner.~~] equal to \$250,000 or twenty-five per cent of the annual reinsurance premiums managed by the reinsurance intermediary-manager, whichever is greater, except that the policy limits under this paragraph shall not exceed \$10,000,000.

At the time of application for licensure and each renewal, each reinsurance intermediary-manager shall provide the commissioner with proof of the bond and the policy, and appropriate documentation to show that the bond and the policy continues to be in effect or that a new bond and a new policy has been secured.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2001.

(Approved May 22, 2001.)