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# A BILL FOR AN ACT

RELATING TO INSURANCE.

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

- 1           SECTION 1. Section 432:1-407, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:
- 3           "(a) Net worth requirements are as follows:
- 4           (1) Before issuing a certificate of authority pursuant to  
5 section 432:1-301, the commissioner shall require that  
6 the mutual benefit society has an initial net worth of  
7 \$2,000,000 and the society shall thereafter maintain  
8 the minimum net worth required under paragraph (2);  
9 and
- 10          (2) Every mutual benefit society shall maintain a minimum  
11 net worth equal to the greater of:
- 12           (A) \$2,000,000;
- 13           (B) Two per cent of annual premium net revenues as  
14 reported on the most recent annual financial  
15 statement filed with the commissioner on the  
16 first \$150,000,000 of premium revenues and one



1 per cent of annual net premium revenues on the  
2 premium revenues in excess of \$150,000,000; or  
3 (C) An amount equal to eight per cent of the sum of  
4 net annual health care expenditures and operating  
5 expenses as reported on the most recent financial  
6 statement filed with the commissioner. The net  
7 annual health care expenditures may be reduced by  
8 the amount ceded to reinsurers; provided that the  
9 reinsurer shall be approved by the commissioner."

10 SECTION 2. New statutory material is underscored.

11 SECTION 3. This Act shall take effect on July 1, 2112.



**Report Title:**

Mutual Benefit Societies; Minimum Net Worth Required

**Description:**

Clarifies that a mutual benefit society shall maintain a minimum net worth calculated based on annual net premium revenues and net health care expenditures. Requires approval of reinsurer.  
(HB917 HD1)

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

