
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 gross annual premium revenues as
14 reported on the most recent annual financial
15 statement filed with the commissioner on the
16 first \$150,000,000 of gross annual premium
17 revenues and one per cent of gross annual premium



1 revenues on the gross annual premium revenues in
2 excess of \$150,000,000; or
3 (C) An amount equal to eight per cent of the sum of
4 gross annual health care expenditures and
5 operating expenses as reported on the most recent
6 financial statement filed with the commissioner.
7 The gross annual premium revenues and gross
8 annual health care expenditures shall be reduced
9 by the total amount ceded to reinsurers; provided
10 that the reinsurance credit taken complies with
11 sections 431:4A-101 through 431:4A-104 and
12 administrative rules established by the
13 commissioner thereunder."

14 SECTION 2. New statutory material is underscored.

15 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Mutual Benefit Societies; Minimum Net Worth; Requirements

Description:

Clarifies that a mutual benefit society shall maintain a minimum net worth calculated based on gross annual premium revenues and gross annual health care expenditures. Requires gross annual premium revenues and gross annual health care expenditures to be reduced by the total amount ceded to reinsurers, provided that the reinsurance credit complies with credit for reinsurance requirements. (SB1077 HD1)

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