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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

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

1           SECTION 1. The legislature finds that existing language in  
2 the State's motor vehicle insurance code requires insurers to  
3 maintain a "brick and mortar" sales and claims service office.  
4 When originally written, the code did not envision the Internet,  
5 cellular smart phones, or computerization. Today, many of the  
6 functions once done in a physical office are being met through  
7 mobile smart phone or internet technology. Insureds can now go  
8 on their mobile device and purchase motor vehicle insurance or  
9 file a claim. Consequently, in 2016, the legislature passed  
10 legislation allowing electronic insurance cards, in addition to  
11 paper insurance cards, to be used as proof of insurance for  
12 motor vehicles, motorcycles, and motor scooters. The  
13 legislature finds that this modernization trend can be extended  
14 to sales and claims handling for motor vehicle insurers while  
15 still ensuring appropriate protections for consumers. Moreover,  
16 easing the sales and claims office requirements under the motor  
17 vehicle insurance code will bring the motor vehicle insurance  
18 code in line with the statutory requirements for other types of



1 insurers, such as other property and casualty line insurers, in  
2 the State. Accordingly, the purpose of this Act is to allow  
3 licensed producers of motor vehicle insurers to satisfy the  
4 requirement that insurers provide a complete sales and claims  
5 office in the State.

6 SECTION 2. Section 431:10C-119, Hawaii Revised Statutes,  
7 is amended by amending subsection (a) to read as follows:

8 "(a) Prior to licensing an insurer to transact a motor  
9 vehicle insurance business in this State, the commissioner:

10 (1) Shall effect a thorough examination of the insurer's  
11 business experience, financial soundness, and general  
12 reputation as an insurer in this and other states. In  
13 the discretion of the commissioner, this examination  
14 may include an examination of any or all of the  
15 business records of the insurer, and an audit of all  
16 or any part of the insurer's motor vehicle insurance  
17 business, each to be performed by the commissioner's  
18 staff or by independent consultants. No license shall  
19 be issued until the commissioner is satisfied as to  
20 the business experience, financial solvency, and the  
21 economic soundness of the insurer;



- 1           (2) Except for a member-owned reciprocal insurer and its  
2           wholly owned insurer subsidiaries, as specified in  
3           subsection (c), shall require of each insurer, and  
4           determine that satisfactory arrangements have been  
5           made for, the provision of a complete sales and claims  
6           service office in the State; provided that the  
7           establishment and maintenance of an office by licensed  
8           producers of an insurer in every county the insurer  
9           does business shall meet the requirements of this  
10          paragraph; and
- 11          (3) Notwithstanding any other requirements of this section  
12          or of the insurance code, may require a bond in a  
13          reasonable amount and with deposits or sureties  
14          determined in the commissioner's discretion of any  
15          applicant for a license hereunder. The commissioner  
16          may, at any time, make and enforce such a requirement  
17          of any licensed insurer or self-insurer."

18          SECTION 3. New statutory material is underscored.

19          SECTION 4. This Act shall take effect on July 1, 2018.



**Report Title:**

Motor Vehicle Insurance; Insurers; Licensed Producers; Offices

**Description:**

Allows a motor vehicle insurer to satisfy the requirement that an insurer provide a complete sales and claims office in the State through the establishment and maintenance of an office by the insurer's licensed producer in every county the insurer does business. (HB1876 CD1)

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

