A BILL FOR AN ACT

RELATING TO INSURANCE.

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

SECTION 1. Section 432:1-407, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Net worth requirements are as follows:

(1) Before issuing a certificate of authority pursuant to section 432:1-301, the commissioner shall require that the mutual benefit society has an initial net worth of $2,000,000 and the society shall thereafter maintain the minimum net worth required under paragraph (2);

and

(2) Every mutual benefit society shall maintain a minimum net worth equal to the greater of:

(A) $2,000,000;

(B) Two per cent of annual premium revenues as reported on the most recent annual financial statement filed with the commissioner on the first $150,000,000 of premium revenues and one
per cent of annual premium revenues on the
premium revenues in excess of $150,000,000; or

(C) An amount equal to eight per cent of the sum of
annual health care expenditures and operating
expenses as reported on the most recent financial
statement filed with the commissioner.

For the purposes of subparagraphs (B) and (C), the
annual gross premium revenues and gross annual health
care expenditures shall be reduced by the total amount
thereof ceded to reinsurers by the mutual benefit
society; provided that the reinsurance credit taken
complies with sections 431:4A-101 through 431:4A-104
and the administrative rules adopted thereunder by the
commissioner."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY:    JAN 2 4 2019
Report Title:
Mutual Benefit Societies; Credit for Reinsurance

Description:
Provides a credit for reinsurance to mutual benefit societies.

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