
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



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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."

7 SECTION 2. New statutory material is underscored.

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

9

INTRODUCED BY:

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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.

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