

HAWAII ADMINISTRATIVE RULES

TITLE 16

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

CHAPTER 19

PREMIUM TAX CREDIT

§16-19-1 Tax credit to facilitate regulatory oversight

§16-19-1 Tax credit to facilitate regulatory oversight. (a) In order to qualify for the credit in section 431:7- , HRS, an insurer must meet each of the following criteria at all times during the taxable year for which the credit is claimed.

- (1) The insurer is authorized to do business in Hawaii by the insurance commissioner;
- (2) The insurer maintains in Hawaii:
  - (A) All documentation in support of the information shown on the insurer's annual statement filed with the insurance commissioner, including general ledger accounts, and all information pertaining to Hawaii operations, underwriting, premiums, and claims (including reserving calculations);
  - (B) All information compiled on Hawaii policyholders;
  - (C) All organizational documents such as articles of incorporation, by-laws, and certificate of authority;
  - (D) Minutes of meetings of the board of directors and the board's committees for the past three years;
  - (E) All agreements materially affecting Hawaii business, including reinsurance bordereau;
  - (F) All information filed with the insurance commissioner pertaining to rates currently in use or pending;
  - (G) A list of consumer complaints for the past three years, including the date of complaint, the nature of the complaint, the resolution of the complaint, and the date of resolution;
  - (H) A list of all lawsuits currently pending against the insurer in the United States and the status of each suit;
  - (I) Written procedures and policies for investments, underwriting, complaints, and marketing;

- (J) Audit reports for the past three years, including annual reports (with management letter) compiled by a certified public accountant, annual actuarial reports with supporting data, and internal audit reports; and
  - (K) A list of the insurer's authorized agents in Hawaii together with their current addresses, and for the preceding three years the gross amount of business the agents wrote and the amount of commissions the agents were paid;
- (3) The insurer employs in Hawaii a person designated in writing by the insurer to represent the insurer in examination matters. The insurer's designated representative, at minimum, must be able to explain the insurer's annual statement, including the ledger accounts, general ledger, and calculation of the trial balance on which the statement is based, all changes in operations that affect liabilities, and all agreements affecting Hawaii policyholders, including management agreements, intercompany agreements, and reinsurance treaties. Additionally, the representative must be able to access the insurer's computer systems and must know what data is stored on the system and how to retrieve it; and
- (4) The insurer maintains in Hawaii a customer service center where the insurer's customers can meet in person with a representative of the insurer who has the authority to promptly answer questions and resolve problems concerning premium payments, the sales and marketing of the insurance policy, the processing of a customer's application for insurance, insurance policy coverage, including any endorsements, underwriting decisions, including criteria for approval, and modification, reinstatement, and cancellation of insurance policies.
- (b) An insurer may meet the requirements of subsection (a) (2) by either:
- (1) Maintaining in Hawaii originals or copies of the required books and records; or
  - (2) Providing a computer terminal by which the required books and records can be accessed from Hawaii.

The information required by subsection (a) (2) (A) only may be met by providing monthly computer listings and reports.

(c) The tax credit shall not be applied against any penalties or interest assessed.

(d) The tax credit shall be claimed before the end of the twelfth month following the close of the taxable year for which the credit is claimed. The credit may be claimed on the insurer's interim return or annual return. If the credit is

claimed on the insurer's interim return, the amount of the credit shall not exceed one per cent of the gross premiums reported on the interim return. Credits which cannot be claimed on an interim return must be claimed on the annual return. [Eff 10/15/93] (Auth: HRS §§431:2-201(c)(1), 431:7-(c)) (Imp: HRS §431:7- )

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Adoption of Chapter 16-19  
Hawaii Administrative Rules

July 19, 1993

SUMMARY

Chapter 16-19, Hawaii Administrative Rules, entitled "Premium Tax Credit" is adopted.

Effective 10/15/93

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

The adoption of Chapter 16-19, Hawaii Administrative Rules, on the Summary page dated July 19, 1993, was adopted on July 19, 1993, following a public hearing held on July 19, 1993, after public notices were given in the Honolulu Star-Bulletin and Advertiser, West Hawaii Today, and the Hawaii Tribune-Herald, Maui News and Kauai Times on June 17, 1993.

These rules shall take effect ten days after filing with the Office of the Lieutenant Governor.

/s/ Linda Chu Takayama  
LINDA CHU TAKAYAMA  
Insurance Commissioner

APPROVED AS TO FORM:      Date 9/20/93

/s/ Cynthia Unwin  
Deputy Attorney General

APPROVED:                      Date 9/20/93

/s/ Clifford K. Higa  
CLIFFORD K. HIGA, Director  
Commerce and Consumer Affairs

APPROVED:                      Date 10/5/93

/s/ John Waihee  
JOHN D. WAIHEE  
GOVERNOR OF HAWAII

October 5, 1993  
Filed