
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 431:14-103, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§431:14-103 Making of rates.** (a) Rates shall be made in
4 accordance with the following provisions:

5 (1) Rates shall not be excessive, inadequate, or unfairly
6 discriminatory.

7 (2) Due consideration shall be given to:

8 (A) Past and prospective loss experience within and
9 outside this State; provided that if the claim
10 does not exceed the selected deductible amount
11 pursuant to section 386-100, and the employer
12 reimburses the insurer for the amount, the claims
13 shall not be calculated in the employer's
14 experience rating or risk category;

15 (B) The conflagration and catastrophe hazards, if
16 any;

17 (C) A reasonable margin for underwriting profit and
18 contingencies;



- 1 (D) Dividends, savings, or unabsorbed premium
 - 2 deposits allowed or returned by insurers to their
 - 3 policyholders, members, or subscribers;
 - 4 (E) Past and prospective expenses both country-wide
 - 5 and those specially applicable to this State;
 - 6 (F) Investment income from unearned premium and loss
 - 7 reserve funds; and
 - 8 (G) All other relevant factors within and outside
 - 9 this State.
- 10 (3) In the case of fire insurance rates, consideration
- 11 shall be given to the experience of the fire insurance
- 12 business during a period of not less than the most
- 13 recent five-year period for which that experience is
- 14 available.
- 15 (4) The systems of expense provisions included in the
- 16 rates for use by any insurer or group of insurers may
- 17 differ from those of other insurers or groups of
- 18 insurers to reflect the requirements of the operating
- 19 methods of any insurer or group with respect to any
- 20 class of insurance, or with respect to any subdivision
- 21 or combination thereof for which subdivision or



1 combination separate expense provisions are
2 applicable.

3 (5) Risks may be grouped by classifications for the
4 establishment of rates and minimum premiums.
5 Classification rates may be modified to produce rates
6 for individual risks in accordance with rating plans
7 that establish standards for measuring variations in
8 hazards or expense provisions, or both. These
9 standards may measure any differences among risks that
10 can be demonstrated to have a probable effect upon
11 losses or expenses. No risk classification may be
12 based upon race, creed, national origin, or the
13 religion of the insured.

14 (6) Manual, minimum, class rates, rating schedules, or
15 rating plans shall be made and adopted, except in the
16 case of:

17 (A) Special rates where manual, minimum, class rates,
18 rating schedules, or rating plans are not
19 applicable; and

20 (B) Specifically rated inland marine risks.

21 (7) No insurer authorized to do business in this State
22 shall issue any policy that provides or makes



1 available to any risks preferred rates based upon any
2 grouping of persons, firms, or corporations by way of
3 membership, license, franchise, contract, agreement,
4 or any other means, other than common majority
5 ownership of the risks, or except where:

6 (A) A common stock ownership in and management
7 control of the risks are held by the same person,
8 corporation, or firm;

9 (B) Permitted or authorized by filings in existence
10 as of January 1, 1988, under the casualty rating
11 law and the fire rating law, as these filings may
12 be amended from time to time;

13 (C) Health care providers, as defined in section 671-
14 1 that could have joined the patients'
15 compensation fund as it existed in chapter 671,
16 part III, prior to May 31, 1984, joined together
17 with one or more groups of related or unrelated
18 health care providers;

19 (D) Permitted under article 12; or

20 (E) Otherwise expressly provided by law.

21 (b) In cases of workers' compensation insurance, all rates
22 made in accordance with this section shall be given due



1 consideration for good safety records of employers. By premium
2 reductions, dividends, or both, insurance carriers shall
3 recognize good safety performance records of employers in this
4 State.

5 (c) Upon the issuance of a certificate by a certified
6 safety and health professional to an employer that the employer
7 has an effective safety and health program pursuant to section
8 396-4.5, the insurer shall provide the employer with a workers'
9 compensation insurance premium discount of at least five per
10 cent; provided that the employer shall maintain the effective
11 safety and health program throughout the policy period.
12 Standards for the issuance of certificates shall be included in
13 rules adopted by the department of labor and industrial
14 relations pursuant to chapter 91.

15 (d) For the purpose of ratemaking, all insurers shall
16 treat a volunteer firefighter the same as a firefighter employed
17 by a county fire department; provided that the volunteer
18 firefighters are attached to a station where a firefighter or
19 volunteer firefighter who has been trained and certified to
20 drive a commercial motor vehicle by either the state or county
21 government, as appropriate, and who maintains a category (3)
22 license as defined by section 286-102(b)(3) is on duty at all



1 times or at least four firefighters or volunteer firefighters
 2 who have been trained and certified to drive a commercial motor
 3 vehicle by either the state or county government, as
 4 appropriate, and who maintain a category (3) license as defined
 5 by section 286-102(b)(3) are members of the volunteer unit.

6 (e) In cases of property or homeowner's insurance, no
 7 rates shall be increased nor shall any policies be denied
 8 issuance or renewal based solely upon the homeowner's ownership
 9 or harboring of a dog, unless the dog has been found under
 10 section 142-75 to have bitten a human being on at least two
 11 separate occasions and none of the exceptions specified in
 12 section 663-9.1 apply.

13 [~~e~~] (f) Except to the extent necessary to meet the
 14 provisions of subsection (a)(1), uniformity among insurers in
 15 any matters within the scope of this section is neither required
 16 nor prohibited."

17 SECTION 2. Statutory material to be repealed is bracketed
 18 and stricken. New statutory material is underscored.

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

20

INTRODUCED BY:

Marilyn B. Lee
John M. Nizano



H.B. NO. 358

Wami Noui
By e Janner

1

JAN 18 2007



Report Title:

Insurance; Homeowners

Description:

Prohibits homeowner's insurers from raising rates or refusing coverage to homeowners who own or harbor a dog, unless the dog has been found to have unjustifiably bitten a human being on at least two separate occasions.

