
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

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

1 SECTION 1. The legislature finds that workers'
2 compensation insurers use different rate methodologies for
3 employers with a small number of employees and employers with a
4 large number of employees, which result in higher rates for
5 employers with a small number of employees. Specifically,
6 insurers use a flat rate for employers with a small number of
7 employees but do not use a flat rate for employers with a large
8 number of employees.

9 The purpose of this Act is to require that rates shall be
10 made proportional to the number of employees.

11 SECTION 2. Section 431:14-103, Hawaii Revised Statutes, is
12 amended by amending subsection (b) to read as follows:

13 "(b) In cases of workers' compensation insurance, all
14 rates made in accordance with this section shall be given due
15 consideration for good safety records of employers. By premium
16 reductions, dividends, or both, insurance carriers shall
17 recognize good safety performance records of employers in this
18 State. Furthermore, all rates made in accordance with this



1 section shall be proportional to the number of employees
2 employed by the insured employer."

3 SECTION 3. This Act does not affect rights and duties that
4 matured, penalties that were incurred, and proceedings that were
5 begun, before its effective date.

6 SECTION 4. New statutory material is underscored.

7 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, consisting of several loops and a long tail, is written over a horizontal line.

JAN 28 2009



Report Title:

Workers' Compensation; Insurance Ratemaking

Description:

Requires workers' compensation insurers to use rates that are proportional to the number of employees.

