



GOV. MSG. NO. 514

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 23, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on April 23, 2010, the following bill was signed into law:

SB2597 HD1

A BILL FOR AN ACT
RELATING TO THE HAWAII EMPLOYERS' MUTUAL
INSURANCE COMPANY.
ACT 052 (10)

Sincerely,



LINDA LINGLE

Approved by the Governor

on APR 23 2010

THE SENATE
TWENTY-FIFTH LEGISLATURE, 2010
STATE OF HAWAII

ACT 052

S.B. NO. 2597
H.D. 1

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYERS' MUTUAL INSURANCE COMPANY.

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

1 SECTION 1. Section 431:14A-101, Hawaii Revised Statutes,
2 is amended to read as follows:
3 "[+] §431:14A-101 [+] Purpose. The Hawaii employers' mutual
4 insurance company is established to provide workers'
5 compensation coverage to employers of the [State] state at the
6 highest level of service with the lowest possible cost,
7 consistent with reasonable and applicable actuarial standards
8 and the sound financial integrity of the company. The purposes
9 of the company are to provide the highest standard of workplace
10 safety and loss prevention, to encourage employer involvement,
11 and to be responsive to each policyholder's experience,
12 practice, and operating effectiveness. Nothing in this article
13 shall create any implied third-party duty or impose additional
14 legal liability for the company toward its members or
15 beneficiaries beyond that explicitly created by this chapter,
16 chapter 386, or common law, and generally applicable to all
17 issuers of workers' compensation insurance in this state."



1 SECTION 2. Section 431:14A-102, Hawaii Revised Statutes,
2 is amended by amending the definition of "administrator" to read
3 as follows:

4 "Administrator" means the [~~president and~~] chief executive
5 officer of the Hawaii employers' mutual insurance company."

6 SECTION 3. Section 431:14A-105, Hawaii Revised Statutes,
7 is amended by amending subsection (b) to read as follows:

8 "(b) The initial eight division directors shall be
9 appointed by the governor within sixty days of June 19, 1996,
10 and shall serve for terms of one year each. The governor shall
11 ensure adequate representation from the major sectors of the
12 economy and workforce in the [~~State~~] state.

13 The public, at-large member initially elected by the board
14 shall serve for a term of one year.

15 The initial board of directors shall determine the
16 staggering and length of future directors' terms; provided that
17 no term shall exceed three years. Upon the expiration of the
18 terms of the initial division directors, the company's
19 policyholders in the division represented by the director shall
20 elect the directors. Each director shall serve for terms as
21 specified by the board unless sooner removed for cause pursuant
22 to rules adopted by the board. Each director shall hold office



1 until a successor is elected as provided in this section. No
2 person shall serve more than two consecutive full terms as
3 director. Any other law to the contrary notwithstanding, the
4 election and composition of the board of directors as provided
5 in this section shall be deemed adequate to qualify the company
6 as a mutual insurer under chapter 431."

7 SECTION 4. Section 431:14A-108, Hawaii Revised Statutes,
8 is amended by amending subsection (a) to read as follows:

9 "(a) The board shall hire an administrator[~~7~~] who shall
10 serve at the pleasure of the board. The administrator shall be
11 [~~the president of the company and~~] the chief executive officer[~~7~~
12 ~~who~~] and shall be responsible for the day-to-day operations and
13 management of the company."

14 SECTION 5. Section 431:14A-117, Hawaii Revised Statutes,
15 is amended to read as follows:

16 "[~~1~~]§431:14A-117 [~~1~~] Workplace safety and health programs.

17 (a) The company shall work with policyholders, health care
18 providers, and employees to develop, implement, and monitor
19 workplace safety and health and return to work programs. The
20 programs shall include the development of a workplace accident
21 and injury reduction plan that promotes safe working conditions.



1 (b) The company shall promote safety programs to
2 policyholders [~~by~~] through programs and activities which may
3 include:

- 4 (1) Analyzing reports of industrial accidents of members
5 to help determine the cause of those accidents;
- 6 (2) Conducting studies for risk and hazard identification
7 and assessments by safety and medical professionals;
- 8 (3) Conducting educational programs designed to prevent
9 frequently recurring industrial accidents; and
- 10 (4) Inspecting work sites and investigating unsafe working
11 conditions to promote job safety and eliminate
12 hazards.

13 (c) Company representatives shall have reasonable access
14 to the premises of any policyholder or applicant during regular
15 working hours to carry out workplace evaluations.

16 (d) [~~Upon~~] Where the company finds, upon the completion of
17 a detailed inspection [~~and recognition of a]~~ that an insured has
18 policies and practices in place that demonstrate a high regard
19 for employee work safety, [~~a deviation may be applied]~~ the
20 company may apply a deviation to the insured's rate structure
21 [~~of that insured]~~, noting special recognition of those efforts.

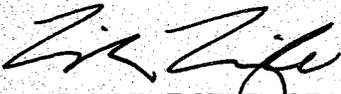


1 (e) The company shall not incur additional legal liability
2 toward its members or beneficiaries as a result of any action
3 taken or not taken pursuant to this chapter beyond that
4 explicitly created by this chapter, chapter 386, or common law,
5 and generally applicable to the acts or omissions of all issuers
6 of workers' compensation insurance in this state."

7 SECTION 6. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2010.

APPROVED this 23 day of APR, 2010


GOVERNOR OF THE STATE OF HAWAII