

JAN 21 2011

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# A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

1           SECTION 1. The purpose of this Act is to continue  
2 permitting small accident and health or sickness insurers, who  
3 lack coercive power in the marketplace, to bundle together  
4 different classes of insurance, such as health, dental, and  
5 vision. Under these circumstances, bundling provides broader  
6 health care coverage in single unified policies, ultimately  
7 resulting in lower overall premiums, fostering greater  
8 competition within the Hawaii insurance marketplace, and  
9 providing consumers with greater flexibility, coverage, and  
10 pricing options.

11           Act 227, Session Laws of Hawaii 2008, which amended the  
12 Insurance Code to permit such bundling, contains a sunset clause  
13 that will repeal Act 227 on June 30, 2011. The legislature  
14 finds that the bundling exemption for small accident and health  
15 or sickness insurers has benefitted Hawaii consumers, and that  
16 it has not had an adverse effect on competition because the  
17 affected insurers lack coercive market power. Consequently, the  
18 purpose of this Act is to remove the sunset clause and keep in



1 place the specification that it is not an unfair method of  
 2 competition or an unfair or deceptive act or practice for an  
 3 accident and health or sickness insurer with a market share of  
 4 less than five per cent to refuse to issue or renew a policy  
 5 with a prospective insured unless the prospective insured  
 6 contracts for another class or an additional policy of the same  
 7 class of insurance with the same insurer.

8 SECTION 2. Act 227, Session Laws of Hawaii 2008, section  
 9 5, as amended by Act 11, Session Laws of Hawaii 2009, section  
 10 22, is amended to read as follows:

11 "SECTION 5. This Act shall take effect upon its approval [~~7~~  
 12 and shall be repealed on June 30, 2011; provided that section  
 13 431:13-103(a), Hawaii Revised Statutes, shall be reenacted in  
 14 the form in which it read on the day before the effective date  
 15 of this Act]."

16 SECTION 3. Statutory material to be repealed is bracketed  
 17 and stricken.

18 SECTION 4. This Act shall take effect upon its approval.  
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**Report Title:**

Insurance Provider Bundling; Sunset Clause

**Description:**

Removes the sunset clause provisions section 5 of Act 227,  
Session Laws of Hawaii 2008.

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