



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 10, 2018

GOV. MSG. NO. 1308

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 10, 2018, the following bill was signed into law:

HB2208 HD1 SD1 CD1

RELATING TO ASSOCIATION HEALTH PLANS
ACT 199 (18)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor

JUL 10 2018

on _____

HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2018
STATE OF HAWAII

ORIGINAL

ACT 199

H.B. NO. 2208
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO ASSOCIATION HEALTH PLANS.

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

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to part I of article 10A to be appropriately designated and to read as follows:

"§431:10A- Association health plan policy; compliance with state law. (a) Every association health plan policy issued in this State shall comply with all laws of this State, regardless of the domicile of the association that has issued the policy.

(b) For the purposes of this section, "association health plan policy" means a policy issued by a voluntary association of employers formed in this State or another state that is authorized to issue association health plans under the regulations of the United States Department of Labor."

SECTION 2. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to part II of article 10A to be appropriately designated and to read as follows:

"§431:10A- Association health plan policy; compliance with state law. (a) Every association health plan policy



1 issued in this State shall comply with all laws of this State,
2 regardless of the domicile of the association that has issued
3 the policy.

4 (b) For the purposes of this section, "association health
5 plan policy" means a policy issued by a voluntary association of
6 employers formed in this State or another state that is
7 authorized to issue association health plans under the
8 regulations of the United States Department of Labor."

9 SECTION 3. Section 431:3-203, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "§431:3-203 Qualifications for authority. (a) To qualify
12 for and hold a certificate of authority, an insurer ~~[must]~~
13 shall:

14 (1) Be [a] one of the following:

15 (A) A stock, mutual, or reciprocal insurer of the
16 same general type as may be formed as a domestic
17 insurer under article 4;

18 (B) A voluntary unincorporated association formed for
19 the purpose of enabling cooperative action to
20 provide accident and health or sickness
21 insurance, as defined under section 431:1-205, in



accordance with this chapter or the laws of any
other state that authorizes the issuance of
accident and health or sickness insurance of the
type authorized under this chapter; or

(C) A voluntary association of employers formed in
this State or another state that is authorized to
issue association health plans under the
regulations of the United States Department of
Labor;

(2) Have capital funds as required by this code based upon
the type and domicile of the insurer and the classes
of insurance [~~which~~] that the insurer is authorized to
transact in its domicile;

(3) Transact or propose to transact in this State
insurances [~~which~~] that are among those authorized by
its charter, and only such insurance as meets the
standards and requirements of this code; and

(4) Fully comply with and qualify according to the
provisions of this code.

(b) In addition to the requirements in subsection (a), to
qualify for and hold a certificate of authority, foreign and



1 alien insurers must have continuously, actively, and
2 successfully transacted the business of insurance for at least
3 five years immediately prior thereto; provided that ~~[in]~~:

4 (1) In the case of a reorganization (including a merger,
5 corporate acquisition, or formation of a subsidiary)
6 of a capital stock or mutual insurer, the five-year
7 period shall be computed from the date of the
8 organization of the original or parent insurer or
9 insurers if substantially the same management
10 continues~~[-]~~; and

11 (2) This subsection shall not apply to a voluntary
12 association of employers authorized to issue
13 association health plans under the regulations of the
14 United States Department of Labor."

15 SECTION 4. Section 431:8-201, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§431:8-201 Transacting insurance business without
18 certificate of authority prohibited. It shall be unlawful for
19 any insurer to transact an insurance business in this State, as
20 defined in section 431:1-215, without a certificate of
21 authority; provided that this section shall not apply to:



- 1 (1) The lawful transaction of surplus lines insurance;
2 (2) The lawful transaction of reinsurance by insurers;
3 (3) Transactions in this State involving a policy lawfully
4 solicited, written, and delivered outside of this
5 State covering only subjects of insurance not
6 resident, located, or expressly to be performed in
7 this State at the time of issuance, and subsequent to
8 the issuance of the policy;
9 (4) Attorneys acting in the ordinary relation of attorney
10 and client in the adjustment of claims or losses;
11 (5) Transactions in this State involving group life and
12 group accident and health or sickness or blanket
13 accident and health or sickness insurance or group
14 annuities where the master policy of the groups was
15 lawfully issued in and delivered pursuant to the laws
16 of a state in which the insurer was authorized to do
17 an insurance business; provided that this paragraph
18 shall not apply to transactions of association health
19 plans;



(6) Transactions in this State involving any policy of insurance or annuity contract issued prior to July 1, 1988;

(7) Transactions in this State involving ocean marine insurance; and

(8) Transactions of contracts of insurance for property and casualty multi-state risks; provided that the producer is licensed to sell, solicit, or negotiate that insurance in the home state of the insured."

SECTION 5. The insurance commissioner shall revise or adopt, as necessary, any forms that may be required for implementation of this Act no later than January 1, 2019.

SECTION 6. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

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

SECTION 8. This Act shall take effect on July 1, 2018; provided that sections 1 through 4 shall take effect on January 1, 2019.



H.B. NO. 2208
H.D. 1
S.D. 1
C.D. 1

APPROVED this 10 day of JUL 2018

A handwritten signature in black ink, appearing to read "David Ige", with a large, sweeping flourish underneath the name.

GOVERNOR OF THE STATE OF HAWAII

HB No. 2208, HD 1, SD 1, CD 1

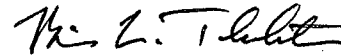
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2018
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives


H.B. No. 2208, H.D. 1, S.D. 1, C.D. 1

THE SENATE OF THE STATE OF HAWAII

Date: May 1, 2018
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawai'i, Regular Session of 2018.


President of the Senate


Clerk of the Senate