
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new article to be appropriately designated
3 and to read as follows:

4 **"ARTICLE**

5 **CORPORATE GOVERNANCE ANNUAL DISCLOSURE**

6 **§431: -A Purpose and scope.** (a) The purposes of this
7 article are to:

8 (1) Provide the insurance commissioner a summary of an
9 insurer or insurance group's corporate governance
10 structure, policies, and practices to permit the
11 commissioner to gain and maintain an understanding of
12 the insurer's corporate governance framework.

13 (2) Outline the requirements for completing a corporate
14 governance annual disclosure with the commissioner.

15 (3) Provide for the confidential treatment of the
16 corporate governance annual disclosure and related
17 information that will contain confidential and
18 sensitive information related to an insurer or

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1 insurance group's internal operations and proprietary
2 and trade secret information which, if made public,
3 could potentially cause the insurer or insurance group
4 competitive harm or disadvantage.

5 (b) Nothing in this article shall be construed to
6 prescribe or impose corporate governance standards and internal
7 procedures beyond that which is required under applicable state
8 corporate law. Notwithstanding the foregoing, nothing in this
9 article shall be construed to limit the commissioner's
10 authority, or the rights or obligations of third parties, under
11 sections 431:2-303 and 431:11-107.

12 (c) The requirements of this article shall apply to all
13 insurers domiciled in this State.

14 **§431: -B Definitions.** As used in this article, the
15 following definitions apply:

16 "Commissioner" means the insurance commissioner of this
17 State.

18 "Corporate governance annual disclosure" means a
19 confidential report filed by the insurer or insurance group made
20 in accordance with the requirements of this article.

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1 "Insurance group", for the purpose of this article, means
2 those insurers and affiliates included within an insurance
3 holding company system as defined in article 11.

4 "Insurer" shall have the same meaning as set forth in
5 article 1, except that it shall not include agencies,
6 authorities or instrumentalities of the United States, its
7 possessions and territories, the Commonwealth of Puerto Rico,
8 the District of Columbia, or a state or political subdivision of
9 a state.

10 "Own risk and solvency assessment summary report" shall
11 mean the report filed in accordance with section 431:3D-105.

12 **§431: -C Disclosure requirement.** (a) An insurer or the
13 insurance group of which the insurer is a member shall, no later
14 than June 1 of each calendar year, submit to the commissioner a
15 corporate governance annual disclosure that contains the
16 information described in section 431: -E(b). Notwithstanding
17 any request from the commissioner made pursuant to subsection
18 (c), if the insurer is a member of an insurance group, the
19 insurer shall submit the report required by this section to the
20 commissioner of the lead state for the insurance group, in
21 accordance with the laws of the lead state, as determined by the
22 procedures outlined in the most recent Financial Analysis

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1 Handbook adopted by the National Association of Insurance
2 Commissioners.

3 (b) The corporate governance annual disclosure must
4 include a signature of the insurer or insurance group's chief
5 executive officer or corporate secretary attesting to the best
6 of that individual's belief and knowledge that the insurer has
7 implemented the corporate governance practices and that a copy
8 of the disclosure has been provided to the insurer's board of
9 directors or the appropriate committee thereof.

10 (c) An insurer not required to submit a corporate
11 governance annual disclosure under this section shall do so upon
12 the commissioner's request.

13 (d) For purposes of completing the corporate governance
14 annual disclosure, the insurer or insurance group may provide
15 information regarding corporate governance at the ultimate
16 controlling parent level, an intermediate holding company level
17 or the individual legal entity level, depending upon how the
18 insurer or insurance group has structured its system of
19 corporate governance. The insurer or insurance group is
20 encouraged to make the corporate governance annual disclosure
21 disclosures at the level at which the insurer's or insurance
22 group's risk appetite is determined, or at the level at which

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1 the earnings, capital, liquidity, operations, and reputation of
2 the insurer are overseen collectively and at which the
3 supervision of those factors are coordinated and exercised, or
4 at the level at which legal liability for failure of general
5 corporate governance duties would be placed. If the insurer or
6 insurance group determines the level of reporting based on these
7 criteria, it shall indicate which of the three criteria was used
8 to determine the level of reporting and explain any subsequent
9 changes in level of reporting.

10 (e) The review of the corporate governance annual
11 disclosure and any additional requests for information shall be
12 made through the lead state as determined by the procedures
13 within the most recent Financial Analysis Handbook adopted by
14 the National Association of Insurance Commissioners.

15 (f) Insurers providing information substantially similar
16 to the information required by this article in other documents
17 provided to the commissioner, including proxy statements filed
18 in conjunction with Form B requirements, or other state or
19 federal filings provided to the insurance division shall not be
20 required to duplicate that information in the corporate
21 governance annual disclosure, but shall only be required to

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1 cross reference the document in which the information is
2 included.

3 **§431: -D Rules.** The commissioner may adopt rules and
4 issue orders to carry out the provisions of this article.

5 **§431: -E Contents of corporate governance annual**
6 **disclosure.** (a) The insurer or insurance group shall have
7 discretion over the responses to the corporate governance annual
8 disclosure inquiries, provided the corporate governance annual
9 disclosure shall contain the material information necessary to
10 permit the commissioner to gain an understanding of the
11 insurer's or group's corporate governance structure, policies,
12 and practices. The commissioner may request additional
13 information deemed material and necessary to provide the
14 commissioner with a clear understanding of the corporate
15 governance policies, the reporting or information system, or the
16 controls implementing those policies.

17 (b) Notwithstanding subsection (a), the corporate
18 governance annual disclosure shall be prepared consistent with
19 the National Association of Insurance Commissioners' Corporate
20 Governance Annual Disclosure Model Regulation. Documentation
21 and supporting information shall be maintained and made
22 available upon examination or upon request of the commissioner.

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1 **§431: -F Confidentiality.** (a) Documents, materials, or
2 other information including the corporate governance annual
3 disclosure, in the possession or control of the insurance
4 division that are obtained by, created by, or disclosed to the
5 commissioner or any other person under this article, are
6 recognized by this State as being proprietary and to contain
7 trade secrets. All such documents, materials, or other
8 information shall be confidential by law and privileged, shall
9 not be subject to chapter 92F, shall not be subject to subpoena,
10 and shall not be subject to discovery or admissible in evidence
11 in any private civil action. However, the commissioner is
12 authorized to use the documents, materials, or other information
13 in the furtherance of any regulatory or legal action brought as
14 a part of the commissioner's official duties. The commissioner
15 shall not otherwise make the documents, materials, or other
16 information public without the prior written consent of the
17 insurer. Nothing in this section shall be construed to require
18 written consent of the insurer before the commissioner may share
19 or receive confidential documents, materials, or other
20 information related to the corporate governance annual
21 disclosure pursuant to subsection (c) below to assist in the
22 performance of the commissioner's regular duties.

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1 (b) Neither the commissioner nor any person who received
2 documents, materials, or other information related to the
3 corporate governance annual disclosure through examination or
4 otherwise, while acting under the authority of the commissioner,
5 or with whom such documents, materials, or other information are
6 shared pursuant to this article shall be permitted or required
7 to testify in any private civil action concerning any
8 confidential documents, materials, or information subject to
9 subsection (a).

10 (c) In order to assist in the performance of the
11 commissioner's regulatory duties, the commissioner:

12 (1) May, upon request, share documents, materials, or
13 other information related to the corporate governance
14 annual disclosure, including the confidential and
15 privileged documents, materials, or information
16 subject to subsection (a), including proprietary and
17 trade secret documents and materials with other state,
18 federal, and international financial regulatory
19 agencies, including members of any supervisory college
20 as defined in section 431:11-107.5, with the National
21 Association of Insurance Commissioners, and with third
22 party consultants pursuant to section 431: -G,

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1 provided that the recipient agrees in writing to
2 maintain the confidentiality and privileged status of
3 the documents, material, or other information and has
4 verified in writing the legal authority to maintain
5 confidentiality; and

6 (2) May receive documents, materials, or other information
7 related to the corporate governance annual disclosure,
8 including otherwise confidential and privileged
9 documents, materials, or information, including
10 proprietary and trade-secret information or documents,
11 from regulatory officials of other state, federal, and
12 international financial regulatory agencies, including
13 members of any supervisory college as defined in the
14 section 431:11-107.5, and from the National
15 Association of Insurance Commissioners, and shall
16 maintain as confidential or privileged any documents,
17 materials, or information received with notice or the
18 understanding that it is confidential or privileged
19 under the laws of the jurisdiction that is the source
20 of the document, material, or information.

21 (d) The sharing of information and documents by the
22 commissioner pursuant to this article shall not constitute a

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1 delegation of regulatory authority or rulemaking, and the
2 commissioner is solely responsible for the administration,
3 execution, and enforcement of the provisions of this article.

4 (e) No waiver of any applicable privilege or claim of
5 confidentiality in the documents, proprietary and trade-secret
6 materials, or other information related to the corporate
7 governance annual disclosure shall occur as a result of
8 disclosure of any information related to the corporate
9 governance annual disclosure or documents to the commissioner
10 under this section or as a result of sharing as authorized in
11 this article.

12 **§431: -G National Association of Insurance Commissioners**
13 **and third-party consultants.** (a) The commissioner may retain,
14 at the insurer's expense, third-party consultants, including
15 attorneys, actuaries, accountants, and other experts not
16 otherwise a part of the commissioner's staff as may be
17 reasonably necessary to assist the commissioner in reviewing the
18 corporate governance annual disclosure and related information
19 or the insurer's compliance with this article.

20 (b) Any persons retained under subsection (a) shall be
21 under the direction and control of the commissioner and shall
22 act in a purely advisory capacity.

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1 (c) The National Association of Insurance Commissioners
2 and third-party consultants shall be subject to the same
3 confidentiality standards and requirements as the commissioner.

4 (d) As part of the retention process, a third-party
5 consultant shall verify to the commissioner, with notice to the
6 insurer, that it is free from any conflict of interest and that
7 it has internal procedures in place to monitor compliance with a
8 conflict and to comply with the confidentiality standards and
9 requirements of this article.

10 (e) A written agreement with the National Association of
11 Insurance Commissioners or a third-party consultant governing
12 sharing and use of information provided pursuant to this article
13 shall contain the following provisions and expressly require the
14 written consent of the insurer prior to making public
15 information provided under this article:

16 (1) Specific procedures and protocols for maintaining the
17 confidentiality and security of the corporate
18 governance annual disclosure and related information
19 shared with the National Association of Insurance
20 Commissioners or a third-party consultant pursuant to
21 this article.

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1 (2) Procedures and protocols for sharing by the National
2 Association of Insurance Commissioners only with other
3 state regulators from states in which the insurance
4 group has domiciled insurers. The agreement shall
5 provide that the recipient agrees in writing to
6 maintain the confidentiality and privileged status of
7 the corporate governance annual disclosure and related
8 documents, materials, or other information and has
9 verified in writing the legal authority to maintain
10 confidentiality.

11 (3) A provision specifying that ownership of the corporate
12 governance annual disclosure and related information
13 shared with the National Association of Insurance
14 Commissioners or a third-party consultant remains with
15 the insurance division and the National Association of
16 Insurance Commissioners' or third-party consultant's
17 use of the information is subject to the direction of
18 the commissioner;

19 (4) A provision that prohibits the National Association of
20 Insurance Commissioners or a third-party consultant
21 from storing the information shared pursuant to this

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1 article in a permanent database after the underlying
2 analysis is completed;

3 (5) A provision requiring the National Association of
4 Insurance Commissioners or third-party consultant to
5 provide prompt notice to the commissioner and to the
6 insurer or insurance group regarding any subpoena,
7 request for disclosure, or request for production of
8 the insurer's corporate governance annual disclosure
9 or related information; and

10 (6) A requirement that the National Association of
11 Insurance Commissioners or a third-party consultant to
12 consent to intervention by an insurer in any judicial
13 or administrative action in which the National
14 Association of Insurance Commissioners or a third-
15 party consultant may be required to disclose
16 confidential information about the insurer shared with
17 the National Association of Insurance Commissioners or
18 a third-party consultant pursuant to this article.

19 **§431: -H Sanctions.** Any insurer failing, without just
20 cause, to timely file the corporate governance annual disclosure
21 as required in this article shall be required, after notice and
22 an opportunity for hearing, to pay a penalty of not less than

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1 \$100 and not more than \$500 for each day's delay, to be
2 recovered by the commissioner and paid into the compliance
3 resolution fund. The maximum penalty under this section is
4 \$50,000. The commissioner may reduce the penalty if the insurer
5 demonstrates to the commissioner that the imposition of the
6 penalty would constitute a financial hardship to the insurer.

7 **§431: -I Severability.** If any provision of this article
8 other than section 431: -F, or the application thereof to any
9 person or circumstance, is held invalid, such determination
10 shall not affect the provisions or applications of this article
11 which can be given effect without the invalid provision or
12 application, and to that end the provisions of this article,
13 with the exception of section 431: -F, are severable."

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

17 **"§431:2- Trade and assumed names.** (a) Every person
18 shall file an application with the department of commerce and
19 consumer affairs and the commissioner, on a form approved by the
20 department of commerce and consumer affairs and the
21 commissioner, for the use or change of a trade name or an
22 assumed name.

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(b) If the department of commerce and consumer affairs or the commissioner finds the application for use or change of a trade name or an assumed name does not meet the requirements of the provisions of this code, the corporation laws of this State, or is substantially identical to another trade name or assumed name, the department of commerce and consumer affairs or the commissioner shall send to the applicant written notice of disapproval of the application specifying the reasons for disapproval and stating that the trade name or assumed name shall not become effective."

SECTION 3. Chapter 431, Hawaii Revised Statutes, is amended by adding to part I of article 10A two new sections to be appropriately designated and to read as follows:

"§431:10A-A Required disclaimer. Any limited benefit policy, certificate, application, or sales brochure that provides coverage for accident and sickness, excluding specified disease, long-term care, disability income, medicare supplement, dental, or vision shall disclose in a conspicuous manner and in not less than fourteen-point boldface type the following, or substantially similar, statement:

"THIS IS NOT QUALIFYING HEALTH COVERAGE ("MINIMUM ESSENTIAL COVERAGE") THAT SATISFIES THE HEALTH COVERAGE REQUIRMENT OF THE

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1 AFFORDABLE CARE ACT. IF YOU DON'T HAVE MINIMUM ESSENTIAL
2 COVERAGE, YOU MAY OWE AN ADDITIONAL PAYMENT WITH YOUR TAXES."

3 **\$431:10A-B Reimbursement to providers.** (a) Coverage for
4 services required by this part shall include reimbursement to
5 health care providers who perform services required by this
6 part.

7 (b) Notwithstanding any law to the contrary, whenever an
8 individual or group policy, contract, plan, or agreement
9 provides for reimbursement for any service, a health care
10 provider who performs such a service shall be eligible for
11 reimbursement for the performed service.

12 (c) For the purposes of this section, "health care
13 provider" means a provider of services, as defined in title 42
14 United States Code section 1395x(u); a provider of medical and
15 other health services, as defined in title 42 United States Code
16 section 1395x(s); and other practitioners licensed by the State
17 and working within their scope of practice."

18 SECTION 4. Chapter 431, Hawaii Revised Statutes, is
19 amended by adding a new section to article 11 to be
20 appropriately designated and to read as follows:

21 **"\$431:11- Group-wide supervision of internationally**
22 **active insurance groups.** (a) The commissioner is authorized to

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1 act as the group-wide supervisor for any internationally active
2 insurance group in accordance with the provisions of this
3 section. However, the commissioner may otherwise acknowledge
4 another regulatory official as the group-wide supervisor where
5 the internationally active insurance group:

6 (1) Does not have substantial insurance operations in the
7 United States;

8 (2) Has substantial insurance operations in the United
9 States, but not in this State; or

10 (3) Has substantial insurance operations in the United
11 States and this State, but the commissioner has
12 determined pursuant to the factors set forth in
13 subsections (b) and (f) that the other regulatory
14 official is the appropriate group-wide supervisor.

15 An insurance holding company system that does not otherwise
16 qualify as an internationally active insurance group may request
17 that the commissioner make a determination or acknowledgment as
18 to a group-wide supervisor pursuant to this section.

19 (b) In cooperation with other state, federal, and
20 international regulatory agencies, the commissioner will
21 identify a single group-wide supervisor for an internationally

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1 active insurance group. The commissioner may determine that the
2 commissioner is the appropriate group-wide supervisor for an
3 internationally active insurance group that conducts substantial
4 insurance operations concentrated in this State. However, the
5 commissioner may acknowledge that a regulatory official from
6 another jurisdiction is the appropriate group-wide supervisor
7 for the internationally active insurance group. The
8 commissioner shall consider the following factors when making a
9 determination or acknowledgment under this subsection:

10 (1) The place of domicile of the insurers within the
11 internationally active insurance group that hold the
12 largest share of the group's written premiums, assets,
13 or liabilities;

14 (2) The place of domicile of the top-tiered insurer(s) in
15 the insurance holding company system of the
16 internationally active insurance group;

17 (3) The location of the executive offices or largest
18 operational offices of the internationally active
19 insurance group;

20 (4) Whether another regulatory official is acting or is
21 seeking to act as the group-wide supervisor under a

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1 regulatory system that the commissioner determines to
2 be:

3 (A) Substantially similar to the system of regulation
4 provided under the laws of this State; or

5 (B) Otherwise sufficient in terms of providing for
6 group-wide supervision, enterprise risk analysis,
7 and cooperation with other regulatory officials;
8 and

9 (5) Whether another regulatory official acting or seeking
10 to act as the group-wide supervisor provides the
11 commissioner with reasonably reciprocal recognition
12 and cooperation.

13 However, a commissioner identified under this section as the
14 group-wide supervisor may determine that it is appropriate to
15 acknowledge another supervisor to serve as the group-wide
16 supervisor. The acknowledgment of the group-wide supervisor
17 shall be made after consideration of the factors listed in
18 paragraphs (1) through (5), and shall be made in cooperation
19 with and subject to the acknowledgment of other regulatory
20 officials involved with supervision of members of the
21 internationally active insurance group, and in consultation
22 with the internationally active insurance group.

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1 (c) Notwithstanding any other provision of law, when
2 another regulatory official is acting as the group-wide
3 supervisor of an internationally active insurance group, the
4 commissioner shall acknowledge that regulatory official as the
5 group-wide supervisor. However, in the event of a material
6 change in the internationally active insurance group that
7 results in:

8 (1) The internationally active insurance group's insurers
9 domiciled in this State holding the largest share of
10 the group's premiums, assets, or liabilities; or

11 (2) This State being the place of domicile of the top-
12 tiered insurer(s) in the insurance holding company
13 system of the internationally active insurance group,
14 the commissioner shall make a determination or acknowledgment as
15 to the appropriate group-wide supervisor for such an
16 internationally active insurance group pursuant to subsection
17 (b).

18 (d) Pursuant to section 431:11-107, the commissioner is
19 authorized to collect from any insurer registered pursuant to
20 section 431:11-105 all information necessary to determine
21 whether the commissioner may act as the group-wide supervisor of
22 an internationally active insurance group or if the commissioner

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1 may acknowledge another regulatory official to act as the group-
2 wide supervisor. Prior to issuing a determination that an
3 internationally active insurance group is subject to group-wide
4 supervision by the commissioner, the commissioner shall notify
5 the insurer registered pursuant to section 431:11-105 and the
6 ultimate controlling person within the internationally active
7 insurance group. The internationally active insurance group
8 shall have not less than thirty days to provide the commissioner
9 with additional information pertinent to the pending
10 determination. The commissioner shall publish on the division's
11 internet website the identity of internationally active
12 insurance groups that the commissioner has determined are
13 subject to group-wide supervision by the commissioner.

14 (e) If the commissioner is the group-wide supervisor for
15 an internationally active insurance group, the commissioner is
16 authorized to engage in any of the following group-wide
17 supervision activities:

18 (1) Assess the enterprise risks within the internationally
19 active insurance group to ensure that:

20 (A) The material financial condition and liquidity
21 risks to the members of the internationally
22 active insurance group that are engaged in the

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1 business of insurance are identified by
2 management; and

3 (B) Reasonable and effective mitigation measures are in
4 place;

5 (2) Request, from any member of an internationally active
6 insurance group subject to the commissioner's
7 supervision, information necessary and appropriate to
8 assess enterprise risk, including, but not limited to,
9 information about the members of the internationally
10 active insurance group regarding:

11 (A) Governance, risk assessment, and management;

12 (B) Capital adequacy; and

13 (C) Material intercompany transactions;

14 (3) Coordinate and, through the authority of the
15 regulatory officials of the jurisdictions where
16 members of the internationally active insurance group
17 are domiciled, compel development and implementation
18 of reasonable measures designed to ensure that the
19 internationally active insurance group is able to
20 timely recognize and mitigate enterprise risks to
21 members of such internationally active insurance group
22 that are engaged in the business of insurance;

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1 (4) Communicate with other state, federal, and
2 international regulatory agencies for members within
3 the internationally active insurance group and share
4 relevant information subject to the confidentiality
5 provisions of section 431:11-108, through supervisory
6 colleges as set forth in section 431:11-107.5 or
7 otherwise;

8 (5) Enter into agreements with or obtain documentation
9 from any insurer registered under section 431:11-105,
10 any member of the internationally active insurance
11 group, and any other state, federal, and international
12 regulatory agencies for members of the internationally
13 active insurance group, providing the basis for or
14 otherwise clarifying the commissioner's role as group-
15 wide supervisor, including provisions for resolving
16 disputes with other regulatory officials. Such
17 agreements or documentation shall not serve as
18 evidence in any proceeding that any insurer or person
19 within an insurance holding company system not
20 domiciled or incorporated in this State is doing
21 business in this State or is otherwise subject to
22 jurisdiction in this State; and

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1 (6) Other group-wide supervision activities, consistent
2 with the authorities and purposes enumerated above, as
3 considered necessary by the commissioner.

4 (f) If the commissioner acknowledges that another
5 regulatory official from a jurisdiction that is not accredited
6 by the National Association of Insurance Commissioners is the
7 group-wide supervisor, the commissioner is authorized to
8 reasonably cooperate, through supervisory colleges or otherwise,
9 with group-wide supervision undertaken by the group-wide
10 supervisor, provided that:

11 (1) The commissioner's cooperation is in compliance with the
12 laws of this State; and

13 (2) The regulatory official acknowledged as the group-wide
14 supervisor also recognizes and cooperates with the
15 commissioner's activities as a group-wide supervisor
16 for other internationally active insurance groups
17 where applicable. Where such recognition and
18 cooperation is not reasonably reciprocal, the
19 commissioner is authorized to refuse recognition and
20 cooperation.

21 (g) The commissioner is authorized to enter into
22 agreements with or obtain documentation from any insurer

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1 registered under section 431:11-105, any affiliate of the
2 insurer, and other state, federal, and international regulatory
3 agencies for members of the internationally active insurance
4 group, that provide the basis for or otherwise clarify a
5 regulatory official's role as group-wide supervisor.

6 (h) The commissioner may promulgate rules necessary for
7 the administration of this section.

8 (i) A registered insurer subject to this section shall be
9 liable for and shall pay the reasonable expenses of the
10 commissioner's participation in the administration of this
11 section, including the engagement of attorneys, actuaries, and
12 any other professionals, and all reasonable travel expenses."

13 SECTION 5. Chapter 432, Hawaii Revised Statutes, is
14 amended by adding to part VI of article 1 a new section to be
15 appropriately designated and to read as follows:

16 "§432:1- Reimbursement to providers. (a) Coverage for
17 services required by this part shall include reimbursement to
18 health care providers who perform services required by this
19 article.

20 (b) Notwithstanding any law to the contrary, whenever an
21 individual and group contract, policy, plan, or agreement that
22 provides health care coverage under this article provides for

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1 reimbursement for any service, a health care provider who
2 performs such a service shall be eligible for reimbursement for
3 the performed service.

4 (c) For the purposes of this section, "health care
5 provider" has the same meaning as in section 431:10A -B(c)."

6 SECTION 6. Section 431:3-202, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§431:3-202 Insurer's name.** (a) Every insurer shall
9 conduct its business in its own legal name.

10 (b) No insurer shall assume or use a name deceptively
11 similar to that of any other authorized insurer[, ~~nor which~~] or
12 a name that tends to deceive or mislead as to the type of
13 organization of the insurer.

14 (c) An insurer shall apply to the department of commerce
15 and consumer affairs and the commissioner for approval of the
16 use or change of a trade name or an assumed name pursuant to
17 section 431:2- .

18 [~~(e)~~] (d) When a foreign or an alien insurer authorized to
19 do business in this State wants to change the name under which
20 its certificate of authority is issued, the insurer shall file a
21 request for name change with the commissioner at least thirty
22 days prior to the effective date of the name change. If within

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1 the thirty-day period the commissioner finds the name change
2 request does not meet the requirements of this chapter or of the
3 corporation laws of this State, the commissioner shall send to
4 the insurer written notice of disapproval of the request
5 specifying in what respect the proposed name change fails to
6 meet the requirements of this chapter or the corporation laws of
7 this State and stating that the name change shall not become
8 effective."

9 SECTION 7. Section 431:5-307, Hawaii Revised Statutes, is
10 amended by amending subsection (o) to read as follows:

11 "(o) (1) For policies issued on or after the operative date
12 of the valuation manual, the standard prescribed in the
13 valuation manual is the minimum standard of valuation required
14 under subsection (b) (2), except as provided under paragraph (5)
15 or (7) of this subsection;

16 (2) The operative date of the valuation manual is January
17 1 of the first calendar year following the first July
18 1 as of which all of the following have occurred:

19 (A) The valuation manual has been adopted by the
20 National Association of Insurance Commissioners
21 by an affirmative vote of at least forty-two

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1 members, or three-fourths of the members voting,
2 whichever is greater;

3 (B) The Standard Valuation Law, as amended by the
4 National Association of Insurance Commissioners
5 in 2009, or legislation including substantially
6 similar terms and provisions, has been enacted by
7 states representing greater than seventy-five per
8 cent of the direct premiums written as reported
9 in the following annual statements submitted for
10 2008: life, accident and health annual
11 statements; health annual statements; or
12 fraternal annual statements; and

13 (C) The Standard Valuation Law, as amended by the
14 National Association of Insurance Commissioners
15 in 2009, or legislation including substantially
16 similar terms and provisions, has been enacted by
17 at least forty-two of the following fifty-five
18 jurisdictions: the fifty states of the United
19 States, American Samoa, the American Virgin
20 Islands, the District of Columbia, Guam, and
21 Puerto Rico;

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(3) Unless a change in the valuation manual specifies a later effective date, changes to the valuation manual shall be effective on January 1 following the date when ~~[all of the following have occurred:]~~

~~(A) The~~ the change to the valuation manual has been adopted by the National Association of Insurance Commissioners by an affirmative vote representing:

~~[(i)]~~ (A) At least three-fourths of the members of the National Association of Insurance Commissioners voting, but not less than a majority of the total membership; and

~~[(ii)]~~ (B) Members of the National Association of Insurance Commissioners representing jurisdictions totaling greater than seventy-five per cent of the direct premiums written as reported in the following annual

statements most recently available prior to the vote in ~~[clause (i)]~~ subparagraph (A): life, accident and health annual statements; health annual statements; or fraternal annual statements; ~~[and~~

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~~(B) The valuation manual becomes effective pursuant
to rules adopted by the commissioner;]~~

(4) The valuation manual shall specify all of the
following:

(A) Minimum valuation standards for and definitions
of the policies or contracts subject to
subsection (b)(2). These minimum valuation
standards shall be:

(i) The commissioner's reserve valuation method
for life insurance contracts, other than
annuity contracts, subject to subsection
(b)(2);

(ii) The commissioner's annuity reserve valuation
method for annuity contracts subject to
subsection (b)(2); and

(iii) Minimum reserves for all other policies or
contracts subject to subsection (b)(2);

(B) Which policies or contracts or types of policies
or contracts that are subject to the requirements
of a principle-based valuation in subsection
(p)(1) and the minimum valuation standards
consistent with those requirements;

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- 1 (C) For policies and contracts subject to a
2 principle-based valuation under subsection (p):
3 (i) Requirements for the format of reports to
4 the commissioner under subsection (p) (2) (C)
5 that shall include information necessary to
6 determine if the valuation is appropriate
7 and in compliance with this section;
8 (ii) Assumptions shall be prescribed for risks
9 over which the company does not have
10 significant control or influence; and
11 (iii) Procedures for corporate governance and
12 oversight of the actuarial function, and a
13 process for appropriate waiver or
14 modification of such procedures;
- 15 (D) For policies not subject to a principle-based
16 valuation under subsection (p), the minimum
17 valuation standard shall either:
18 (i) Be consistent with the minimum standard of
19 valuation prior to the operative date of the
20 valuation manual; or
21 (ii) Develop reserves that quantify the benefits
22 and guarantees, and the funding, associated

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1 with the contracts and their risks at a
2 level of conservatism that reflects
3 conditions that include unfavorable events
4 that have a reasonable probability of
5 occurring;

6 (E) Other requirements including, but not limited to,
7 those relating to reserve methods, models for
8 measuring risk, generation of economic scenarios,
9 assumptions, margins, use of company experience,
10 risk measurement, disclosure, certifications,
11 reports, actuarial opinions and memorandums,
12 transition rules, and internal controls; and

13 (F) The data and form of the data required under
14 subsection (q), with whom the data shall be
15 submitted, and may specify other requirements,
16 including data analyses and reporting of
17 analyses;

18 (5) [~~In the absence of~~] Absent a specific valuation
19 requirement, or if a specific valuation requirement in
20 the valuation manual is not, in the opinion of the
21 commissioner, in compliance with this section, then
22 the company shall, with respect to these requirements,

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1 comply with minimum valuation standards prescribed by
2 the commissioner by rule;

3 (6) The commissioner may engage a qualified actuary, at
4 the expense of the company, to perform an actuarial
5 examination of the company and opine on the
6 appropriateness of any reserve assumption or method
7 used by the company, or to review and opine on a
8 company's compliance with any requirement set forth in
9 this section. The commissioner may rely upon the
10 opinion[7] regarding provisions contained within this
11 section[7] of a qualified actuary engaged by the
12 commissioner of another state, district, or territory
13 of the United States. As used in this paragraph,
14 "engage" includes employment and contracting; and

15 (7) The commissioner may require a company to change any
16 assumption or method that, in the opinion of the
17 commissioner, is necessary to comply with the
18 requirements of the valuation manual or this section,
19 and the company shall adjust the reserves as required
20 by the commissioner. The commissioner may take other
21 disciplinary action as permitted pursuant to this
22 chapter."

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SECTION 8. Section 431:9-203, Hawaii Revised Statutes, is amended to read as follows:

"§431:9-203 General qualifications for license. (a) For the protection of the public, the commissioner shall not issue or extend any license for an adjuster or independent bill reviewer:

(1) Except as provided by this article; or

(2) To any individual less than eighteen years of age.

(b) An applicant for a license under this article shall notify the commissioner of the applicant's legal name ~~[and trade name, if applicable. An applicant doing business under any name other than [the] applicant's legal name shall notify the commissioner prior to using the assumed name].~~

(c) An applicant shall apply to the department of commerce and consumer affairs and the commissioner for approval of the use of a trade name or an assumed name pursuant to section 431:2- .

~~[(c)]~~ (d) A licensee shall:

(1) Inform the commissioner by any means acceptable to the commissioner of any change of status within thirty days of the change; and

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(2) Report any change of status to the business registration division if the licensee is a business entity registered with the department of commerce and consumer affairs pursuant to title 23 or title 23A, or if the licensee has registered a trade name pursuant to part II of chapter 482.

Failure to timely inform the commissioner or business registration division of a change of status shall result in a penalty pursuant to section 431:2-203.

~~[(d)]~~ (e) As used in this section, "change of status" includes, but shall not be limited to, change of legal name, assumed name, trade name, business address, home address, mailing address, business phone number, business fax number, business electronic mail address, business website address, or home phone number. A licensee shall apply to the department of commerce and consumer affairs and the commissioner for approval to change the status of a trade name or an assumed name pursuant to section 431:2- ."

SECTION 9. Section 431:9A-110, Hawaii Revised Statutes, is amended to read as follows:

"§431:9A-110 Legal, trade, and assumed names. (a) Every insurance producer doing business in this State shall notify the

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1 commissioner in writing of the insurance producer's legal name
2 ~~[and trade name, if applicable].~~

3 (b) ~~[An insurance producer doing business under any name~~
4 ~~other than the producer's legal name shall notify the~~
5 ~~commissioner in writing prior to using the assumed name.]~~ A
6 producer shall apply to the department of commerce and consumer
7 affairs and the commissioner for approval of the use or change
8 of a trade name or an assumed name pursuant to section 431:2-
9 ."

10 SECTION 10. Section 431:10-104, Hawaii Revised Statutes,
11 is amended to read as follows:

12 **"§431:10-104 General readability requirements.** In
13 addition to any other requirements of law, no contract shall be
14 delivered or issued for delivery in this State unless:

- 15 (1) The text is in plain language~~[, achieving]~~ and
16 achieves a minimum score of forty on the Flesch
17 reading ease test or an equivalent score on any other
18 comparable test prescribed by the commissioner under
19 section 431:10-105(a);
- 20 (2) The contract is printed, except for specification
21 pages, schedules, and tables, in not less than ten-
22 point type~~[, one point leaded]~~;

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(3) The style, arrangement, and general appearance of the contract give no undue prominence to any endorsements, riders, or other portions of the text; and

(4) A table of contents or an index of principal sections is provided with the contract when the text consists of more than three thousand words printed on three or less pages or when the text has more than three pages, regardless of the total number of printed words [~~and~~

~~(5) For any short-term health insurance policies that impose preexisting conditions provisions, any policy, application, or sales brochure shall disclose in a conspicuous manner in not less than fourteen point bold face type the following statement:~~

~~"THIS POLICY EXCLUDES COVERAGE FOR CONDITIONS FOR WHICH MEDICAL ADVICE, DIAGNOSIS, CARE, OR TREATMENT WAS RECOMMENDED OR RECEIVED DURING THE [insert exclusion period] IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF COVERAGE."]."~~

SECTION 11. Section 431:10A-116, Hawaii Revised Statutes, is amended to read as follows:

"§431:10A-116 Coverage for specific services. Every person insured under a policy of accident and health or sickness

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1 insurance delivered or issued for delivery in this State shall
2 be entitled to the reimbursements and coverages specified below:

3 (1) Notwithstanding any provision to the contrary,
4 whenever a policy, contract, plan, or agreement
5 provides for reimbursement for any visual or
6 optometric service, which is within the lawful scope
7 of practice of a duly licensed optometrist, the person
8 entitled to benefits or the person performing the
9 services shall be entitled to reimbursement whether
10 the service is performed by a licensed physician or by
11 a licensed optometrist. Visual or optometric services
12 shall include eye or visual examination, or both, or a
13 correction of any visual or muscular anomaly, and the
14 supplying of ophthalmic materials, lenses, contact
15 lenses, spectacles, eyeglasses, and appurtenances
16 thereto;

17 (2) Notwithstanding any provision to the contrary, for all
18 policies, contracts, plans, or agreements issued on or
19 after May 30, 1974, whenever provision is made for
20 reimbursement or indemnity for any service related to
21 surgical or emergency procedures, which is within the
22 lawful scope of practice of any practitioner licensed

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1 to practice medicine in this State, reimbursement or
2 indemnification under the policy, contract, plan, or
3 agreement shall not be denied when the services are
4 performed by a dentist acting within the lawful scope
5 of the dentist's license;

6 (3) Notwithstanding any provision to the contrary,
7 whenever the policy provides reimbursement or payment
8 for any service, which is within the lawful scope of
9 practice of a psychologist licensed in this State, the
10 person entitled to benefits or performing the service
11 shall be entitled to reimbursement or payment, whether
12 the service is performed by a licensed physician or
13 licensed psychologist;

14 (4) Notwithstanding any provision to the contrary, each
15 policy, contract, plan, or agreement issued on or
16 after February 1, 1991, except for policies that only
17 provide coverage for specified diseases or other
18 limited benefit coverage, but including policies
19 issued by companies subject to chapter 431, article
20 10A, part II and chapter 432, article 1 shall provide
21 coverage for screening by low-dose mammography for
22 occult breast cancer as follows:

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1 (A) For women forty years of age and older, an annual
2 mammogram; and

3 (B) For a woman of any age with a history of breast
4 cancer or whose mother or sister has had a
5 history of breast cancer, a mammogram upon the
6 recommendation of the woman's physician.

7 The services provided in this paragraph are
8 subject to any coinsurance provisions that may be in
9 force in these policies, contracts, plans, or
10 agreements.

11 For the purpose of this paragraph, the term "low-
12 dose mammography" means the x-ray examination of the
13 breast using equipment dedicated specifically for
14 mammography, including, but not limited to, the x-ray
15 tube, filter, compression device, screens, films, and
16 cassettes, with an average radiation exposure delivery
17 of less than one rad mid-breast, with two views for
18 each breast. An insurer may provide the services
19 required by this paragraph through contracts with
20 providers; provided that the contract is determined to
21 be a cost-effective means of delivering the services

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1 without sacrifice of quality and meets the approval of
2 the director of health; and

- 3 (5) (A) (i) Notwithstanding any provision to the
4 contrary, whenever a policy, contract, plan,
5 or agreement provides coverage for the
6 children of the insured, that coverage shall
7 also extend to the date of birth of any
8 newborn child to be adopted by the insured;
9 provided that the insured gives written
10 notice to the insurer of the insured's
11 intent to adopt the child prior to the
12 child's date of birth or within thirty days
13 after the child's birth or within the time
14 period required for enrollment of a natural
15 born child under the policy, contract, plan,
16 or agreement of the insured, whichever
17 period is longer; provided further that if
18 the adoption proceedings are not successful,
19 the insured shall reimburse the insurer for
20 any expenses paid for the child; and
21 (ii) Where notification has not been received by
22 the insurer prior to the child's birth or

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1 within the specified period following the
2 child's birth, insurance coverage shall be
3 effective from the first day following the
4 insurer's receipt of legal notification of
5 the insured's ability to consent for
6 treatment of the infant for whom coverage is
7 sought; and

8 (B) When the insured is a member of a health
9 maintenance organization [~~(HMO)~~], coverage of an
10 adopted newborn is effective:

11 (i) From the date of birth of the adopted
12 newborn when the newborn is treated from
13 birth pursuant to a provider contract with
14 the health maintenance organization, and
15 written notice of enrollment in accord with
16 the health maintenance organization's usual
17 enrollment process is provided within thirty
18 days of the date the insured notifies the
19 health maintenance organization of the
20 insured's intent to adopt the infant for
21 whom coverage is sought; or

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(ii) From the first day following receipt by the health maintenance organization of written notice of the insured's ability to consent for treatment of the infant for whom coverage is sought and enrollment of the adopted newborn in accord with the health maintenance organization's usual enrollment process if the newborn has been treated from birth by a provider not contracting or affiliated with the health maintenance organization[; and

~~(6) Notwithstanding any provision to the contrary, any policy, contract, plan, or agreement issued or renewed in this State shall provide reimbursement for services provided by advanced practice registered nurses licensed pursuant to chapter 457. Services rendered by advanced practice registered nurses are subject to the same policy limitations generally applicable to health care providers within the policy, contract, plan, or agreement]."~~

SECTION 12. Section 431:10A-116.6, Hawaii Revised Statutes, is amended to read as follows:

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1 **"§431:10A-116.6 Contraceptive services. (a)**

2 Notwithstanding any provision of law to the contrary, each
3 employer group accident and health or sickness policy, contract,
4 plan, or agreement issued or renewed in this State on or after
5 January 1, 2000, shall cease to exclude contraceptive services
6 or supplies for the subscriber or any dependent of the
7 subscriber who is covered by the policy, subject to the
8 exclusion under section 431:10A-116.7 and the exclusion under
9 section 431:10A-102.5.

10 (b) Except as provided in subsection (c), all policies,
11 contracts, plans, or agreements under subsection (a), that
12 provide contraceptive services or supplies, or prescription drug
13 coverage, shall not exclude any prescription contraceptive
14 supplies or impose any unusual copayment, charge, or waiting
15 requirement for such supplies.

16 (c) Coverage for oral contraceptives shall include at
17 least one brand from the monophasic, multiphasic, and the
18 progestin-only categories. A member shall receive coverage for
19 any other oral contraceptive only if:

20 (1) Use of brands covered has resulted in an adverse drug
21 reaction; or

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(2) The member has not used the brands covered and, based on the member's past medical history, the prescribing health care provider believes that use of the brands covered would result in an adverse reaction.

(d) Coverage required by this section shall include reimbursement to a prescribing health care provider or dispensing entity for prescription contraceptive supplies intended to last for up to a twelve-month period for an insured.

~~[(e) Coverage required by this section shall include reimbursement to a prescribing and dispensing pharmacist who prescribes and dispenses contraceptive supplies pursuant to section 461—.]~~

~~[(f)]~~ (e) For purposes of this section:

"Contraceptive services" means physician-delivered, physician-supervised, physician assistant-delivered, advanced practice registered nurse-delivered, nurse-delivered, or pharmacist-delivered medical services intended to promote the effective use of contraceptive supplies or devices to prevent unwanted pregnancy.

"Contraceptive supplies" means all United States Food and Drug Administration-approved contraceptive drugs or devices used to prevent unwanted pregnancy.

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1 [~~(g)~~] (f) Nothing in this section shall be construed to
2 extend the practice or privileges of any health care provider
3 beyond that provided in the laws governing the provider's
4 practice and privileges."

5 SECTION 13. Section 431:10A-118.3, Hawaii Revised
6 Statutes, is amended by amending subsection (e) to read as
7 follows:

8 "(e) As used in this section unless the context requires
9 otherwise:

10 "Actual gender identity" means a person's internal sense of
11 being male, female, a gender different from the gender assigned
12 at birth, a transgender person, or neither male nor female.

13 "Gender transition" means the process of a person changing
14 the person's outward appearance or sex characteristics to accord
15 with the person's actual gender identity.

16 "Perceived gender identity" means an observer's impression
17 of another person's actual gender identity or the observer's own
18 impression that the person is male, female, a gender different
19 from the gender [~~designed~~] assigned at birth, a transgender
20 person, or neither male nor female.

21 "Transgender person" means a person who has gender identity
22 disorder or gender dysphoria, has received health care services

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1 related to gender transition, adopts the appearance or behavior
2 of the opposite sex, or otherwise identifies as a gender
3 different from the gender assigned to that person at birth."

4 SECTION 14. Section 431:11-102, Hawaii Revised Statutes,
5 is amended by adding two new definitions to be appropriately
6 inserted and to read as follows:

7 "Group-wide supervisor" means the regulatory official
8 authorized to engage in conducting and coordinating group-wide
9 supervision activities who is determined or acknowledged by the
10 commissioner under section 431:11- to have sufficient
11 significant contacts with the internationally active insurance
12 group.

13 "Internationally active insurance group" means an insurance
14 holding company system that:

15 (1) Includes an insurer registered under section 431:11-
16 105; and

17 (2) Meets the following criteria:

18 (A) Premiums written in at least three countries;

19 (B) The percentage of gross premiums written outside
20 the United States is at least ten percent of the
21 insurance holding company system's total gross
22 written premiums; and

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1 (C) Based on a three-year rolling average, the total
2 assets of the insurance holding company system
3 are at least \$50,000,000,000 or the total gross
4 written premiums of the insurance holding company
5 system are at least \$10,000,000,000."

6 SECTION 15. Section 431:11-108, Hawaii Revised Statutes,
7 is amended by amending subsection (a) to read as follows:

8 "(a) Documents, materials, or other information in the
9 possession or control of the insurance division that are
10 obtained by or disclosed to the commissioner or any other person
11 in the course of an examination or investigation made pursuant
12 to section 431:11-107 and all information reported or provided
13 to the insurance division pursuant to sections 431:11-104(b) (12)
14 and (13), 431:11-105, [~~and~~] 431:11-106, and 431:11- , shall be
15 confidential by law and privileged, shall not be disclosable
16 under chapter 92F, shall not be subject to subpoena, and shall
17 not be subject to discovery or admissible in evidence in any
18 private civil action. The commissioner may use the documents,
19 materials, or other information in the furtherance of any
20 regulatory or legal action brought as part of the commissioner's
21 official duties. The commissioner shall not otherwise make the
22 documents, materials, or other information public without prior

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1 written consent of the insurer to which it pertains unless the
2 commissioner, after giving the insurer and its affiliates who
3 would be affected thereby notice and opportunity to be heard,
4 determines that the interest of the policyholders, shareholders,
5 or the public will be served by the publication thereof, in
6 which event the commissioner may publish all or any part in such
7 manner as may be deemed appropriate."

8 SECTION 16. Section 431:14-104, Hawaii Revised Statutes,
9 is amended as follows:

10 (1) By amending subsections (a) and (b) to read as
11 follows:

12 "(a) Every insurer shall file with the commissioner every
13 manual of classifications, rules, and rates, every rating plan,
14 every other rating rule, and every modification of any of the
15 foregoing that it proposes to use; provided that filings with
16 regard to specific inland marine risks, which by general custom
17 of the business are not written according to manual rate or
18 rating plans, and bail bonds, subject to section 804-62, shall
19 not be required pursuant to this subsection.

20 Every filing shall:

21 (1) State its proposed effective date;

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(2) Indicate the character and extent of the coverage contemplated;

(3) Include a report on investment income; and

(4) Be accompanied by a \$50 fee[~~, payable to the commissioner,~~] to be deposited in the commissioner's education and training fund.

(b) [~~For each~~] Each filing[~~, an insurer~~] shall [~~submit~~] be submitted to the commissioner[~~÷~~]

~~(1) An electronic copy of the filing; or~~

~~(2) Two printed copies of the filing.~~

~~The commissioner may also request a printed version of an electronic filing to be submitted pursuant to paragraph (1).]~~
via the National Association of Insurance Commissioners' System for Electronic Rates and Forms Filing or an equivalent service approved by the commissioner."

(2) By amending subsection (k) to read as follows:

"(k) The following rates shall become effective when filed:

(1) Specific inland marine [~~rates~~] rate filings on risks specially rated by a rating organization or an advisory organization;

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(2) Any special filing with respect to a surety or guaranty bond required by law ~~[or by]~~, court or executive order, or ~~[by]~~ order or rule of a public body, not covered by a previous filing; and

(3) Any special filing with respect to any class of insurance, subdivision, or combination thereof that is subject to individual risk premium modification and has been agreed to by an insured under a formal or an informal bid process.

The filed rates shall be deemed ~~[to meet the requirements of this article until the time the commissioner reviews the filing and]~~ approved so long as the filing remains in effect."

SECTION 17. Section 431:14-104.5, Hawaii Revised Statutes, is amended to read as follows:

"§431:14-104.5 Loss cost filings. When required by the commissioner, the rating organization or advisory organization shall file for approval all prospective loss costs, ~~[and all]~~ supplementary rating information, and every change ~~[or]~~, amendment, or modification ~~[of any of the foregoing]~~ thereto proposed for use in this State. The filings shall be subject to ~~[section]~~ sections 431:14-104 ~~[and section]~~, 431:14-105, and

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1 431:14-106 and other provisions of article 14 relating to
2 filings made by insurers."

3 SECTION 18. Section 431:14-105, Hawaii Revised Statutes,
4 is amended to read as follows:

5 **"§431:14-105 Policy revisions that alter coverage.**

6 (a) Any policy revisions that alter coverage in any manner
7 shall be filed with the commissioner and shall include an
8 analysis of the impact ~~[of]~~ each revision has on rates~~[-~~

9 ~~(b) A filing shall consist of either:~~

10 ~~(1) An electronic copy of the filing; or~~

11 ~~(2) Two printed copies of the filing.~~

12 ~~The commissioner may also request a printed version of an~~
13 ~~electronic filing to be submitted pursuant to paragraph (1).] or~~
14 loss costs.

15 ~~[(e)]~~ (b) After review by the commissioner, the
16 commissioner shall determine whether a rate filing for the
17 policy revision must be submitted in accordance with section
18 431:14-104."

19 SECTION 19. Section 431:14-108, Hawaii Revised Statutes,
20 is amended to read as follows:

21 **"§431:14-108 Deviations.** (a) Except for those lines of
22 insurance for which the commissioner determines ~~[that]~~

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1 individual rate filings shall be made, every member of or
2 subscriber to a rating organization shall adhere to the filings
3 the organization made on its behalf [~~by the organization, except~~
4 ~~that~~]. However, any insurer may [~~make written application~~
5 submit a rate filing to the commissioner to file a deviation
6 from the class rates, schedules, rating plans, or rules
7 respecting any class of insurance, [~~or~~] class of risk within a
8 class of insurance, or combination thereof. The [~~application~~
9 rate filing] shall specify the basis for the deviation and shall
10 be accompanied by the data upon which the applicant relies. [A]
11 The filer shall send simultaneously a copy of the [~~application~~
12 deviation] and data [~~shall be sent simultaneously~~] to the rating
13 organization.

14 [~~(b) The commissioner shall set a time and place for a~~
15 ~~hearing at which the insurer and the rating organization may be~~
16 ~~heard, and shall give them not less than ten days' written~~
17 ~~notice thereof. In the event the commissioner is advised by the~~
18 ~~rating organization that it does not desire a hearing, the~~
19 ~~commissioner may, upon the consent of the applicant, waive the~~
20 ~~hearing.~~

21 ~~(e)]~~ (b) In considering the [~~application to file a~~
22 deviation], the commissioner shall [~~give consideration to~~]

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1 consider the available statistics and the principles for
2 ratemaking [~~as provided~~] in section 431:14-103. The
3 commissioner shall [~~issue an order permitting~~] approve the
4 filing of the deviation [~~to be filed~~] if the commissioner finds
5 it [~~to be~~] justified. The deviation shall become effective upon
6 [~~issuance of~~] the commissioner's [~~order.~~] approval of the
7 proposed effective date of the filing. The commissioner shall
8 [~~issue an order denying~~] disapprove the [~~application~~] rate
9 filing if the commissioner finds [~~that~~] the deviation is not
10 justified or [~~that~~] the resulting premiums would be excessive,
11 inadequate, or unfairly discriminatory. Each deviation
12 [~~permitted to be~~] filed shall be effective for a period of one
13 year from the date of [~~the order~~] approval, unless terminated
14 sooner with [~~the~~] approval [~~of~~] by the commissioner."

15 SECTION 20. Section 431:14G-105, Hawaii Revised Statutes,
16 is amended by amending subsections (a) and (b) to read as
17 follows:

18 "(a) Every managed care plan shall file with the
19 commissioner every rate, charge, classification, schedule,
20 practice, or rule and every modification of any of the foregoing
21 that it proposes to use. Every filing shall:

22 (1) State its proposed effective date;

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(2) Indicate the character and extent of the coverage contemplated;

(3) Include a report on investment income; and

(4) Be accompanied by a \$50 fee [~~payable to the commissioner which shall~~] to be deposited in the commissioner's education and training fund.

(b) [~~For each~~] Each filing[, ~~an insurer~~] shall [~~submit~~] be submitted to the commissioner[~~+~~

~~(1) An electronic copy of the filing; or~~

~~(2) Two printed copies of the filing;~~

~~provided that the commissioner may request that an insurer that submits an electronic copy of the filing pursuant to paragraph (1) to also submit a printed copy of the electronic filing.] via the National Association of Insurance Commissioners' System for Electronic Rates and Forms Filing or an equivalent service approved by the commissioner."~~

SECTION 21. Section 431:19-103, Hawaii Revised Statutes, is amended to read as follows:

"§431:19-103 Names of companies. (a) No captive insurance company shall adopt a name that is the same, deceptively similar, or likely to be confused with or mistaken for any other existing business name registered in the State[~~+~~

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1 ~~except that the commissioner may allow a branch captive~~
2 ~~insurance company to be licensed in this State under a different~~
3 ~~trade name if the normal name of the branch captive insurance~~
4 ~~company is not available for use in this State].~~

5 (b) A captive insurance company shall apply to the
6 department of commerce and consumer affairs and the commissioner
7 for approval of the use or change of a trade name or an assumed
8 name pursuant to section 431:2- ."

9 SECTION 22. Section 431:19-115, Hawaii Revised Statutes,
10 is amended by amending subsections (a), (b), and (c) to read as
11 follows:

12 "(a) No insurance laws of this State, other than those
13 ~~[contained]~~ in this article, article 15, or ~~[contained in~~
14 ~~specific references contained]~~ specifically referenced in this
15 section ~~[or]~~, article, or article 15, shall apply to captive
16 insurance companies.

17 (b) Sections 431:3-302 to 431:3-304.5, 431:3-307, 431:3-
18 401 to 431:3-409, 431:3-411, 431:3-412, and 431:3-414; articles
19 1, 2, 4A, 5, 6, 9A, 9B, 9C, 11, and 11A~~[and 15]~~; and chapter
20 431K shall apply to risk retention captive insurance companies.

21 (c) Articles 1, 2, and 6~~[and 15]~~ shall apply to class 5
22 companies."

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1 SECTION 23. Section 431:26-103, Hawaii Revised Statutes,
2 is amended by amending subsection (e) to read as follows:

3 "(e) A health carrier shall meet the following access plan
4 requirements:

5 (1) Beginning on July 1, 2017, a health carrier shall file
6 with the commissioner for approval, prior to or at the
7 time it files a newly offered network plan, in a manner
8 and form defined by rule or order of the commissioner,
9 an access plan that meets the requirements of this
10 article;

11 (2) The health carrier may request the commissioner to deem
12 sections of the access plan as proprietary,
13 competitive, or trade secret information that shall not
14 be made public. Information is proprietary,
15 competitive, or a trade secret if disclosure of the
16 information would cause the health carrier's
17 competitors to obtain valuable business
18 information. The health carrier shall make the access
19 plans, absent proprietary, competitive, or trade secret
20 information, available online, at the health carrier's
21 business premises, and to any person upon request; and

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1 (3) The health carrier shall prepare an access plan prior
2 to offering a new network plan and shall notify the
3 commissioner of any material change to any existing
4 network plan within fifteen business days after the
5 change occurs. The carrier shall include in the notice
6 to the commissioner a reasonable timeframe within which
7 the carrier will submit to the commissioner for
8 approval or file with the commissioner, as appropriate,
9 an update to an existing access plan."

10 SECTION 24. Section 431:26-104, Hawaii Revised Statutes,
11 is amended by amending subsection (f) to read as follows:

12 "(f) Selection standards shall be developed pursuant to
13 the following:

14 (1) Health carrier selection standards for selecting and
15 tiering, as applicable, participating providers shall
16 be developed for providers and each health care
17 professional specialty;

18 (2) The standards shall be used in determining the
19 selection of participating providers by the health
20 carrier and the intermediaries with which the health
21 carrier contracts. The standards shall meet
22 requirements relating to health care professional

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1 credentialing verification developed by the
2 commissioner by order or through rules adopted pursuant
3 to chapter 91;

4 (3) Selection criteria shall not be established in a
5 manner:

6 (A) That would allow a health carrier to discriminate
7 against high risk populations by excluding
8 providers because the providers are located in
9 geographic areas that contain populations or
10 providers presenting a risk of higher than average
11 claims, losses, or health care services
12 utilization;

13 (B) That would exclude providers because the providers
14 treat or specialize in treating populations
15 presenting a risk of higher than average claims,
16 losses, or health care services utilization; or

17 (C) That would discriminate with respect to
18 participation under the health benefit plan against
19 any provider who is acting within the scope of the
20 provider's license or certification under
21 applicable state law or regulations; provided that
22 this subparagraph shall not be construed to require

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1 a health carrier to contract with any provider who
2 is willing to abide by the terms and conditions for
3 participation established by the carrier;

4 (4) Notwithstanding paragraph (3), a carrier shall not be
5 prohibited from declining to select a provider who
6 fails to meet the other legitimate selection criteria
7 of the carrier developed in compliance with this
8 article; and

9 (5) This article does not require a health carrier, its
10 intermediaries, or the provider networks with which the
11 carrier and its intermediaries contract, to employ
12 specific providers acting within the scope of the
13 providers' license or certification under applicable
14 state law that may meet the selection criteria of the
15 carrier, or to contract with or retain more providers
16 acting within the scope of the providers' license or
17 certification under applicable state law than are
18 necessary to maintain a sufficient provider network."

19 SECTION 25. Section 432:1-604.5, Hawaii Revised Statutes,
20 is amended to read as follows:

21 "**§432:1-604.5 Contraceptive services.** (a)

22 Notwithstanding any provision of law to the contrary, each

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1 employer group health policy, contract, plan, or agreement
2 issued or renewed in this State on or after January 1, 2000,
3 shall cease to exclude contraceptive services or supplies, and
4 contraceptive prescription drug coverage for the subscriber or
5 any dependent of the subscriber who is covered by the policy,
6 subject to the exclusion under section 431:10A-116.7.

7 (b) Except as provided in subsection (c), all policies,
8 contracts, plans, or agreements under subsection (a), that
9 provide contraceptive services or supplies, or prescription drug
10 coverage, shall not exclude any prescription contraceptive
11 supplies or impose any unusual copayment, charge, or waiting
12 requirement for such drug or device.

13 (c) Coverage for contraceptives shall include at least one
14 brand from the monophasic, multiphasic, and the progestin-only
15 categories. A member shall receive coverage for any other oral
16 contraceptive only if:

17 (1) Use of brands covered has resulted in an adverse drug
18 reaction; or

19 (2) The member has not used the brands covered and, based
20 on the member's past medical history, the prescribing
21 health care provider believes that use of the brands
22 covered would result in an adverse reaction.

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(d) Coverage required by this section shall include reimbursement to a prescribing health care provider or dispensing entity for prescription contraceptive supplies intended to last for up to a twelve-month period for a member.

~~[(e) Coverage required by this section shall include reimbursement to a prescribing and dispensing pharmacist who prescribes and dispenses contraceptive supplies pursuant to section 461—.~~

~~+(f)]~~ (e) For purposes of this section:

"Contraceptive services" means physician-delivered, physician-supervised, physician assistant-delivered, advanced practice registered nurse-delivered, nurse-delivered, or pharmacist-delivered medical services intended to promote the effective use of contraceptive supplies or devices to prevent unwanted pregnancy.

"Contraceptive supplies" means all Food and Drug Administration-approved contraceptive drugs or devices used to prevent unwanted pregnancy.

~~+(g)]~~ (f) Nothing in this section shall be construed to extend the practice or privileges of any health care provider beyond that provided in the laws governing the provider's practice and privileges."

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1 SECTION 26. Section 432:1-607.3, Hawaii Revised Statutes,
2 is amended by amending subsection (e) to read as follows:

3 "(e) As used in this section unless the context requires
4 otherwise:

5 "Actual gender identity" means a person's internal sense of
6 being male, female, a gender different from the gender assigned
7 at birth, a transgender person, or neither male nor female.

8 "Gender transition" means the process of a person changing
9 the person's outward appearance or sex characteristics to accord
10 with the person's actual gender identity.

11 "Perceived gender identity" means an observer's impression
12 of another person's actual gender identity or the observer's own
13 impression that the person is male, female, a gender different
14 from the gender [~~designed~~] assigned at birth, a transgender
15 person, or neither male nor female.

16 "Transgender person" means a person who has gender identity
17 disorder or gender dysphoria, has received health care services
18 related to gender transition, adopts the appearance or behavior
19 of the opposite sex, or otherwise identifies as a gender
20 different from the gender assigned to that person at birth."

21 SECTION 27. Section 432D-26.3, Hawaii Revised Statutes, is
22 amended by amending subsection (e) to read as follows:

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1 "(e) As used in this section unless the context requires
2 otherwise:

3 "Actual gender identity" means a person's internal sense of
4 being male, female, a gender different from the gender assigned
5 at birth, a transgender person, or neither male nor female.

6 "Gender transition" means the process of a person changing
7 the person's outward appearance or sex characteristics to accord
8 with the person's actual gender identity.

9 "Perceived gender identity" means an observer's impression
10 of another person's actual gender identity or the observer's own
11 impression that the person is male, female, a gender different
12 from the gender [~~designed~~] assigned at birth, a transgender
13 person, or neither male nor female.

14 "Transgender person" means a person who has gender identity
15 disorder or gender dysphoria, has received health care services
16 related to gender transition, adopts the appearance or behavior
17 of the opposite sex, or otherwise identifies as a gender
18 different from the gender assigned to that person at birth."

19 SECTION 28. Section 481R-4, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "(a) Before conducting business in this State or issuing
22 any warranty, a warrantor shall register with the commissioner,

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1 on a form prescribed by the commissioner, and shall pay to the
2 commissioner a fee as [~~provided under~~] set forth in section
3 431:7-101. A person who sells or solicits a vehicle protection
4 product, but who is not a warrantor, shall not be required to
5 register with the commissioner as a warrantor.

6 (b) [~~Warrantor registration records shall be updated~~
7 ~~annually and shall contain the following information:~~] A
8 warrantor shall inform the commissioner, by any means acceptable
9 to the commissioner, of any change of status within thirty days
10 of the change. As used in this subsection, "change of status"
11 includes, but is not limited to:

12 (1) The address of the principal office of the warrantor;

13 (2) The name and address of the warrantor's agent for the
14 service of process in this State, if other than the
15 warrantor;

16 (3) The identities of the warrantor's executive officer or
17 officers directly responsible for the warrantor's
18 vehicle protection product business; and

19 (4) The name, address, and telephone number of any
20 administrators designated by the warrantor to be
21 responsible for the administration of vehicle
22 protection product warranties in this State[+].

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1 ~~[(5)] A copy of each warranty form the warrantor proposes~~
2 ~~to use in this State; and~~

3 ~~+(6)]~~ (c) A warrantor shall provide an annual statement
4 that the warrantor is in compliance with the financial security
5 requirements of section 481R-5 and that details how the
6 warrantor intends to meet the requirements, and proof of
7 compliance with the requirements.

8 ~~[(e)]~~ (d) The marketing, selling, offering for sale,
9 issuing, making, proposing to make, and administering of vehicle
10 protection products shall be exempt from:

11 (1) Chapter 481X; and

12 (2) The insurance laws of this State.

13 ~~[(d)]~~ (e) The following contracts and agreements shall be
14 exempt from this chapter and shall only be subject to other
15 statutes and laws that specifically apply to them:

16 (1) Warranties or guarantees, other than those provided as
17 part of a vehicle protection product; and

18 (2) Service contracts regulated by chapter 481X.

19 ~~[(e)]~~ (f) A seller shall not be deemed to be a warrantor
20 unless, in addition to acting as a seller, the person is named
21 under the terms of a vehicle protection product warranty as the
22 contractual obligor to the consumer."

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SECTION 29. Section 481R-8, Hawaii Revised Statutes, is amended by amending its title and subsection (a) to read as follows:

"~~[+] \$481R-8 [+~~ ~~Warrantor records.~~ Recordkeeping.

(a) ~~[Each]~~ The warrantor shall maintain accurate accounts, books, warranty forms, and other records ~~[regarding]~~ of all transactions regulated under this chapter. The warrantor's records shall include:

(1) A copy of each warranty form the warrantor proposes to use in this State;

~~[+1+]~~ (2) A copy of the warranty for each unique form of vehicle protection product sold;

~~[+2+]~~ (3) The name and address of each ~~[consumer,]~~ warranty holder;

~~[+3+]~~ (4) A list of the locations where the warrantor's vehicle protection products are marketed, sold, or offered for sale; and

~~[+4+]~~ (5) Files that contain at least the dates and descriptions of payments to consumers related to the vehicle protection product."

SECTION 30. Section 481X-3, Hawaii Revised Statutes, is amended to read as follows:

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1 "[~~+~~]~~\$481X-3~~[~~+~~] **Registration**[~~-~~] requirements. (a) Before
2 conducting business in this State[~~-~~] or issuing any service
3 contracts, a provider shall register with the commissioner, on a
4 form prescribed by the commissioner, and shall pay to the
5 commissioner a fee as [~~provided under~~] set forth in section
6 431:7-101.

7 (b) [~~Provider registration shall be updated annually and~~
8 ~~shall contain the following information:]~~ A provider shall
9 inform the commissioner, by any means acceptable to the
10 commissioner, of any change of status within thirty days of the
11 change. As used in this subsection, "change of status"
12 includes, but is not limited to:

13 (1) The address of the principal office of the provider;

14 (2) The name and address of the provider's agent for the
15 service of process in this State, if other than the
16 provider;

17 (3) The identities of the provider's executive officer or
18 officers directly responsible for the provider's
19 service contract business; and

20 (4) The name, address, and telephone number of any
21 administrators designated by the provider to be

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1 responsible for the administration of service
2 contracts in this State[+].

3 [~~(5)~~ A copy of each service contract form the provider
4 proposes to use in this State; and

5 ~~(6)~~ A statement that the provider is in compliance with
6 the financial responsibility requirements of section
7 481X-4 and that details how the provider intends to
8 meet the requirements, and proof of compliance with
9 the requirements.]

10 (c) A provider shall provide an annual statement that the
11 provider is in compliance with the financial responsibility
12 requirements of section 481X-4, and that details how the
13 provider intends to meet the requirements and proof of
14 compliance with the requirements."

15 SECTION 31. Section 481X-5, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[~~f~~]**\$481X-5[+]** **Recordkeeping.** (a) The provider [~~or~~
18 ~~provider's administrator~~] shall [keep] maintain accurate
19 accounts, books, service contract forms, and other records of
20 all transactions regulated under this chapter[+], including:

21 [~~(b)~~ ~~Accounts, books, and records maintained as required~~
22 ~~by this section shall include the following:~~]

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1 (1) A copy of each service contract form the provider
2 proposes to use in this State;

3 ~~[(1)]~~ (2) ~~[Copies]~~ A copy of each ~~[type]~~ unique form of
4 service contract sold;

5 ~~[(2)]~~ (3) The name and address of each contract holder~~[r~~
6 ~~to the extent that the name and address have been~~
7 ~~furnished by the contract holder];~~

8 ~~[(3)]~~ (4) A list of the locations where the provider's
9 service contracts are marketed, sold, or offered for
10 sale; and

11 ~~[(4)]~~ (5) ~~[Recorded claims files which at a minimum shall]~~
12 Files that contain at least the [date] dates and
13 ~~[description]~~ descriptions of ~~[each claim]~~ claims
14 under the provider's service contracts.

15 ~~[(e)]~~ (b) The provider for each service contract shall
16 retain records required under this section for at least one year
17 after coverage under the contract has expired. A provider
18 discontinuing business in this State shall maintain records
19 required under this section until it provides the commissioner
20 with satisfactory proof that the provider has discharged all
21 contractual obligations to contract holders in this State.

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1 ~~[(d)]~~ (c) The records required under this section may be~~[,~~
2 ~~but are not required to be,~~ maintained on a computer disk or
3 other recordkeeping technology. If records are maintained in a
4 form other than hard copy, ~~[the records]~~ they shall be in a form
5 allowing duplication as legible hard ~~[copy]~~ copies at the
6 request of the commissioner.

7 ~~[(e)]~~ (d) Upon request of the commissioner, the provider
8 shall make available to the commissioner all accounts, books,
9 service contract forms, and other records concerning service
10 contracts sold by the provider ~~[reasonably necessary]~~ to enable
11 the commissioner to determine compliance ~~[or noncompliance]~~ with
12 this chapter."

13 SECTION 32. Section 432:1-611, Hawaii Revised Statutes, is
14 repealed.

15 ~~["§432:1-611 Reimbursement for services of advanced~~
16 ~~practice registered nurses. All individual and group hospital~~
17 ~~and medical service plan contracts and medical service~~
18 ~~corporation contracts under this article shall provide~~
19 ~~reimbursement for health plan covered services provided by~~
20 ~~advanced practice registered nurses licensed pursuant to chapter~~
21 ~~457."]~~


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SECTION 33. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 34. In codifying the new sections added by sections 1, 2, 3, 4, and 5 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 35. This Act shall take effect upon its approval; provided that sections 1, 4, 14, and 15 shall become effective on January 1, 2020, and the first filing of the corporate governance annual disclosure shall be in 2020, and sections 26 and 27 of this Act shall be repealed on December 31, 2020.

INTRODUCED BY: _____



BY REQUEST

JAN 22 2018

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Report Title:

Insurance; Health Insurance; Corporate Governance; National Association of Insurance Commissioners; Corporate Governance Annual Disclosure Model Act; Trade Name; Assumed Name; Pre-Existing Disclosure; Provider Reimbursement; Reimbursement By Provider; Medical Service Provider; Pharmacist; Contraceptive; Advanced Practice Registered Nurses; Insurance Holding Company System Regulatory Act; Group-Wide Supervisor; Group-Wide Supervision; Internationally Active Insurance Group; Holding Company; Standard Valuation Model Law; Gender Identity; Captive; Network Adequacy; Network Adequacy Model Act; Health Carrier; Participating Provider; Health Insurance; Vehicle Protection Product Warrantor; Service Contract Provider; Chapter 431; article 2; Article 10A; Article 11; Article 14, Article 14G, Article 15; Chapter 432

Description:

Amends various portions of the Hawaii Insurance Code under Hawaii Revised Statutes title 24 to update and improve existing Insurance Code provisions.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO INSURANCE.

PURPOSE: This measure amends various portions of the Hawaii Insurance Code under Hawaii Revised Statutes (HRS) title 24 (Code) to update and improve existing Code provisions, including:

- (1) Adopting new corporate governance and annual disclosure requirements in the National Association of Insurance Commissioners' (NAIC) Corporate Governance Annual Disclosure Model Act (section 1 of measure);
- (2) Requiring any person seeking to add or change a trade name or an assumed name to submit a written request to the Department of Commerce and Consumer Affairs (DCCA) and the Insurance Commissioner (Commissioner) to determine whether the proposal satisfies the Code or corporation laws, and providing notice of this new requirement to insurers, producers, adjusters, independent bill reviewers, licensees, and captives (sections 2, 6, 8, 9, and 21);
- (3) Moving the short-term health insurance pre-existing disclosure requirement currently in section 431:10-104(5) to a new section in chapter 431, article 10A, part I, as a more appropriate placement in the Code of this statute, and amending section 431:10-104(5) by removing the disclosure requirement (sections 3 and 10);
- (4) Requiring that coverage for services mandated by chapter 431, article 10A and chapter 432, article 1 includes reimbursement to providers who deliver those services, repealing reimbursement

mandates to pharmacists who prescribe and dispense birth control medication under an expansion of the pharmacist practice act, and removing reimbursement mandates to advanced practice registered nurses that Act 222, Session Laws of Hawaii 1999, created (sections 3, 5, 11, 12, 25, and 32);

- (5) Adopting 2014 revisions to the National Association of Insurance Commissioners Insurance Holding Company System Regulatory Act (sections 4, 14, and 15);
- (6) Removing optional language in the NAIC's Standard Valuation Model Law that requires the Commissioner to adopt a rule to make effective any changes to the valuation manual (section 7);
- (7) Correcting a technical drafting error in the definition of "perceived gender identity" by amending sections 431:10A-118.3(e), 432:1-607.3(e), and 432D-26.3(e) (sections 13, 26, and 27);
- (8) Removing obsolete language and clarifying existing language in sections 431:14-104, 431:14-104.5, 431:14-105, and 431:14-108 (sections 16, 17, 18, and 19);
- (9) Removing obsolete language and clarifying existing language in section 431:14G-105 (section 20);
- (10) Applying chapter 431, article 15 to all captives (section 22);
- (11) Amending network adequacy provisions based on the NAIC's Network Adequacy Model Act that currently require implementation by rule to instead be temporarily carried out by order of the Commissioner (sections 23 and 24);

- (12) Amending change of status and recordkeeping requirements that apply to vehicle protection product warrantors and service contract providers to conform with those governing insurance licensees (sections 28, 29, 30, and 31); and
- (13) Making technical, nonsubstantive amendments for clarity and consistency.

MEANS:

Add a new article to chapter 431; add a new section to chapter 431, article 2; add two new sections to chapter 431, article 10A, part I; add a new section to chapter 431, article 11; and add a new section to chapter 432, article 1, part VI, HRS.

Amend sections 431:3-202, 431:5-307(o), 431:9-203, 431:9A-110, 431:10-104, 431:10A-116, 431:10A-116.6, 431:10A-118.3(e), 431:11-102, 431:11-108(a), 431:14-104(a), (b), and (k), 431:14-104.5, 431:14-105, 431:14-108, 431:14G-105(a) and (b), 431:19-103, 431:19-115(a), (b), and (c), 431:26-103, 431:26-104, 432:1-604.5, 432:1-607.3(e), 432D-26.3(e), 481R-4, 481R-8 title and subsection (a), 481X-3, and 481X-5, HRS.

Repeal section 432:1-611, HRS.

JUSTIFICATION:

- (1) This bill adopts the NAIC's Corporate Governance Annual Disclosure Model Act to maintain the State's accreditation with the NAIC. This bill provides more information on an annual basis to regulators regarding insurers' corporate governance practices. Currently, regulators obtain a significant amount of information on insurers' corporate governance practices during full-scope examinations, which typically occur once every three to five years. However, information on governance practices, including changes that can

substantially impact current and prospective solvency, is not widely available to regulators in the period between onsite examination. Through the adoption of standards in this area, regulators can ensure that sufficient information on governance practices is available to assess insurer solvency on an annual basis. (section 1)

- (2) This bill allows the DCCA and the Commissioner to determine whether an applicant's request to add or change a trade name or an assumed name satisfies Code and corporation law requirements. This will ensure that both the DCCA and the Commissioner will receive notice of a proposed name change and that both have express authority to permanently retire or bar the use of a trade name or an assumed name associated with a revoked license. (sections 2, 6, 8, 9, and 21)
- (3) This bill moves the newly enacted section 431:10-104(5) to article 10A, which is the more appropriate section for the short-term health insurance pre-existing disclosure requirement. (sections 3 and 10)
- (4) This bill clearly provides for reimbursement to providers who deliver coverage managed by chapter 431, article 10A and chapter 432, article 1 and deletes reimbursement mandates added to the Code in conjunction with medical service provider practice acts. These amendments will clarify that coverage for services mandated by chapter 431, article 10A and chapter 432, article 1 should include reimbursement to providers and discourage the practice of creating reimbursement mandates in the Code to accompany expansions in provider

practice acts. (sections 3, 5, 11, 12, 25, and 32)

- (5) This bill adopts 2014 revisions to the NAIC's Insurance Holding Company System Regulatory Act to maintain the State's accreditation with the NAIC. This bill provides clear legal authority to a designated state to act as the group-wide supervisor for an internationally active insurance group. (sections 4, 14, and 15)
- (6) This bill streamlines the process of making changes to the valuation manual become effective, by eliminating optional language in the NAIC's Standard Valuation Model Law. (section 7)
- (7) This bill corrects a technical drafting error by replacing "designed" with "assigned" in the definition of "perceived gender identity" and accordingly conforms State law to federal guidance on gender identity. (sections 13, 26, and 27)
- (8) This bill removes obsolete language and clarifies existing language in chapter 431, article 14 to avoid ambiguity for insurers submitting rate filings. (sections 16, 17, 18, and 19)
- (9) This bill removes obsolete language and clarifies existing language in chapter 431, article 14G to avoid ambiguity for managed care plans submitting rate filings. (section 20)
- (10) This bill will give the Commissioner additional regulatory authority to supervise or liquidate a captive, rather than simply suspending or revoking its insurance license. (section 22)

- (11) This bill will temporarily allow the Insurance Division to create stopgap measures to implement the NAIC's Network Adequacy Model Act and to promulgate administrative rules with the benefit of any future NAIC guidance and input from other jurisdictions. (sections 23 and 24)
- (12) This bill changes to timely notice the current requirement that a warrantor and service contract provider must submit an annual change of status filing whether or not its status has, changed, an unduly burdensome requirement on the warrantor, service contract provider, Licensing Branch staff, and Insurance Division (Division) storage space. These amendments mirror section 431:9A-107, which requires producers to file timely notification only if their status has changed. In addition, the amendment to chapters 481R and 481X requiring warrantors and service contract providers to retain, and produce upon request of the Commissioner, a copy of each proposed warranty and service contract, tracks the recordkeeping obligation governing insurance licensees. This change will reduce the burden on warrantors, providers, and Division staff without limiting the Commissioner's regulatory authority to obtain necessary documentation as needed. (sections 28, 29, 30, and 31)

Impact on the public: This bill enhances consumer protection by making HRS title 24 provisions more understandable, technically correct, and consistent.

Impact on the department and other agencies: The Department of Health and the Department of Labor and Industrial Relations.

GENERAL FUNDS: None.

OTHER FUNDS: Compliance Resolution Fund.

PPBS PROGRAM
DESIGNATION: CCA-106.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval, provided that sections 1, 4, 14, and 15 shall become effective on January 1, 2020, and the first filing of the corporate governance annual disclosure shall be in 2020, and sections 26 and 27 shall be repealed on December 31, 2020.