
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The purpose of this Act is to ensure that
2 persons residing in all lava-flow hazard zones on Hawaii island
3 are not being unfairly targeted by insurance companies through
4 exorbitant costs for homeowners insurance.

5 SECTION 2. Section 431:14-103, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§431:14-103 Making of rates.** (a) Rates shall be made in
8 accordance with the following provisions:

9 (1) Rates shall not be excessive, inadequate, or unfairly
10 discriminatory.

11 (2) Due consideration shall be given to:

12 (A) Past and prospective loss experience within and
13 outside this State; provided that if the claim
14 does not exceed the selected deductible amount
15 pursuant to section 386-100, and the employer
16 reimburses the insurer for the amount, the claims



- 1 shall not be calculated in the employer's
2 experience rating or risk category;
- 3 (B) The conflagration and catastrophe hazards, if
4 any;
- 5 (C) A reasonable margin for underwriting profit and
6 contingencies;
- 7 (D) Dividends, savings, or unabsorbed premium
8 deposits allowed or returned by insurers to their
9 policyholders, members, or subscribers;
- 10 (E) Past and prospective expenses both country-wide
11 and those specially applicable to this State;
- 12 (F) Investment income from unearned premium and loss
13 reserve funds; and
- 14 (G) All other relevant factors within and outside
15 this State.
- 16 (3) In the case of fire insurance rates, consideration
17 shall be given to the experience of the fire insurance
18 business during a period of not less than the most
19 recent five-year period for which that experience is
20 available.



- 1 (4) The systems of expense provisions included in the
2 rates for use by any insurer or group of insurers may
3 differ from those of other insurers or groups of
4 insurers to reflect the requirements of the operating
5 methods of any insurer or group with respect to any
6 class of insurance, or with respect to any subdivision
7 or combination thereof for which subdivision or
8 combination separate expense provisions are
9 applicable.
- 10 (5) Risks may be grouped by classifications for the
11 establishment of rates and minimum premiums.
12 Classification rates may be modified to produce rates
13 for individual risks in accordance with rating plans
14 that establish standards for measuring variations in
15 hazards or expense provisions, or both. These
16 standards may measure any differences among risks that
17 can be demonstrated to have a probable effect upon
18 losses or expenses. No risk classification may be
19 based upon race, creed, national origin, or the
20 religion of the insured.



1 (6) Manual, minimum, class rates, rating schedules, or
2 rating plans shall be made and adopted, except in the
3 case of:

4 (A) Special rates where manual, minimum, class rates,
5 rating schedules, or rating plans are not
6 applicable; and

7 (B) Specifically rated inland marine risks.

8 (7) No insurer authorized to do business in this State
9 shall issue any policy that provides or makes
10 available to any risks preferred rates based upon any
11 grouping of persons, firms, or corporations by way of
12 membership, license, franchise, contract, agreement,
13 or any other means, other than common majority
14 ownership of the risks, or except where:

15 (A) A common stock ownership in and management
16 control of the risks are held by the same person,
17 corporation, or firm;

18 (B) Permitted or authorized by filings in existence
19 as of January 1, 1988, under the casualty rating
20 law and the fire rating law, as these filings may
21 be amended from time to time;



1 (C) Health care providers, as defined in section 671-
2 1 that could have joined the patients'
3 compensation fund as it existed in chapter 671,
4 part III, prior to May 31, 1984, joined together
5 with one or more groups of related or unrelated
6 health care providers;

7 (D) Permitted under article 12; or

8 (E) Otherwise expressly provided by law.

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

15 (c) Upon the issuance of a certificate by a certified
16 safety and health professional to an employer that the employer
17 has an effective safety and health program pursuant to section
18 396-4.5, the insurer shall provide the employer with a workers'
19 compensation insurance premium discount of at least five per
20 cent; provided that the employer shall maintain the effective
21 safety and health program throughout the policy period.



1 Standards for the issuance of certificates shall be included in
2 rules adopted by the department of labor and industrial
3 relations pursuant to chapter 91.

4 (d) For the purpose of ratemaking, all insurers shall
5 treat a volunteer firefighter the same as a firefighter employed
6 by a county fire department; provided that the volunteer
7 firefighters are attached to a station where a firefighter or
8 volunteer firefighter who has been trained and certified to
9 drive a commercial motor vehicle by either the state or county
10 government, as appropriate, and who maintains a category (3)
11 license as defined by section 286-102(b)(3) is on duty at all
12 times or at least four firefighters or volunteer firefighters
13 who have been trained and certified to drive a commercial motor
14 vehicle by either the state or county government, as
15 appropriate, and who maintain a category (3) license as defined
16 by section 286-102(b)(3) are members of the volunteer unit.

17 (e) Except to the extent necessary to meet the provisions
18 of subsection (a)(1), uniformity among insurers in any matters
19 within the scope of this section is neither required nor
20 prohibited.



1 (f) In the case of residential properties located in lava
2 zones, premiums shall not exceed one hundred fifty per cent of
3 the statewide average for premiums of comparable residential
4 properties not located in lava zones.

5 For the purposes of this subsection, "lava zone" has the
6 same meaning as in section 431:10E-141."

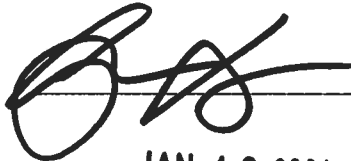
7 SECTION 3. This Act shall apply to residential property
8 insurance policies entered into, amended, or renewed on or after
9 the effective date of this Act.

10 SECTION 4. New statutory material is underscored.

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

12

INTRODUCED BY:



JAN 19 2024



H.B. NO. 2053

Report Title:

Insurance; Residential Property; Lava Zones; Premiums; Cap

Description:

Establishes a cap on insurance premiums for residential properties located in lava zones on Hawaii island based on premiums of comparable residential properties not located in lava zones on Hawaii island.

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