

**ACT 81**

S.B. NO. 1486

A Bill for an Act Relating to Insurance Rate Regulation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 431:14-104, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (e) to read:

“(e) [A] Except for rates filed in accordance with subsections (k), (l), and (m), a filing and any supporting information shall be open to public inspection upon filing with the commissioner.”

2. By amending subsections (i), (j), and (k) to read:

“(i) The commissioner shall review filings [and hold public hearings on the filings] as soon as reasonably possible after they have been made to determine whether they meet the requirements of this article. The commissioner shall calculate the investment income and accuracy of loss reserves upon which filings are based, and the insurer shall provide the information necessary to make the calculation.

(j) [Subject to the exception specified in subsection (k),] Except as provided herein and in subsections (k) and (l) and section 431:14-120, each filing shall be on file for a waiting period of [ninety] thirty days before the filing becomes effective. The period may be extended by the commissioner for an additional period not to exceed fifteen days if the commissioner gives written notice within the waiting period to the insurer, rating organization, or advisory organization that made the filing that the commissioner needs the additional time for the consideration of the filing. Upon the written application by the insurer, rating organization, or advisory organization, the commissioner may authorize a filing which the commissioner has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this article unless disapproved by the commissioner within the waiting period or any extension thereof.

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

- (1) Specific inland marine rates on risks specially rated by a rating organization; [and]
- (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 which is subject to individual risk premium modification and has been agreed to by an insured under a formal or informal bid process.

The rates shall be deemed to meet the requirements of this article until the time the commissioner reviews the filing and so long as the filing remains in effect.”

3. By amending subsection (n) to read:

“(n) No insurer shall make or issue a contract or policy except in accordance with filings which are in effect for the insurer as provided in this article or in accordance with subsections [(l)] (k), (l), or (m). This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required.”

SECTION 2. Section 431:14-120, Hawaii Revised Statutes, is amended to read as follows:

**“§431:14-120 Additional powers for workers’ compensation rate filing and ratemaking.** (a) The commissioner shall review filings as soon as reasonably possible after they have been made to determine whether they meet the requirements of this article. The commissioner shall hold public hearings on workers’ compensation rate filings that result in increases or decreases. The public hearing notice shall be mailed to the insurer, rating organization, or advisory organization that made the filing and filed with the office of the lieutenant governor at least six calendar days before the hearing. The public hearing notice requirement shall be exempt from section 92-41.

(b) Except as provided herein, each filing shall be on file for a waiting period of ninety days before the filing becomes effective. The period may be extended by

## ACT 81

the commissioner for an additional period not to exceed fifteen days if the commissioner gives written notice within the waiting period to the insurer, rating organization, or advisory organization that made the filing that the commissioner needs the additional time for the consideration of the filing. Upon the written application by the insurer, rating organization, or advisory organization, the commissioner may authorize a filing which the commissioner has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this article unless disapproved by the commissioner within the waiting period or any extension thereof.

(c) The commissioner may institute proceedings for appropriate relief including but not limited to proceedings to roll back current rates whenever it appears to the commissioner that an insurer or other interested persons regulated by this article affecting workers' compensation insurance rates has:

- (1) Violated or failed to comply with any provisions of this part or of any state or federal law;
- (2) Failed to comply with any rule, regulation, or other requirement of any other state or federal agency which affects workers' compensation insurance rates;
- (3) Failed to comply with any provision of its charter or franchise;
- (4) Set or applied any rates, classification, charges, or rules affecting workers' compensation insurance that are unreasonable or are unreasonably discriminatory;
- (5) Failed to give appropriate consideration to investment income earned or realized by insurers, including investment income earned from unearned premium and loss reserve funds in making rates; or
- (6) Failed to recognize good safety performance records of employers in setting premium rates and levels."

SECTION 3. Section 431:14-119, Hawaii Revised Statutes, is repealed.

SECTION 4. Statutory material to be repealed is bracketed.<sup>1</sup> New statutory material is underscored.

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

(Approved April 29, 1997.)

### Note

1. Edited pursuant to HRS §23G-16.5.