
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYERS' MUTUAL INSURANCE COMPANY.

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

1 SECTION 1. Section 431:14A-107, Hawaii Revised Statutes,
2 is amended by to read as follows:

3 "**§431:14A-107 Duties and responsibilities.** (a) All
4 corporate powers shall be exercised by or under the authority of
5 the board, unless otherwise provided in this chapter or in the
6 articles of incorporation.

7 (b) The board shall discharge its duties:

- 8 (1) In accordance with the company's purpose;
- 9 (2) With the care, skill, prudence, and diligence under
10 the circumstances that a prudent director, acting in a
11 like capacity and familiar with such matters would use
12 in conducting a similar enterprise and purpose;
- 13 (3) By diversifying the company's investments to minimize
14 the risk of losses, unless it is prudent not to do so;
- 15 (4) In accordance with governing legal documents;
- 16 (5) By having an annual audit of the company by an
17 independent certified public accountant;



- 1 (6) By securing a fidelity bond for the administrator and
2 in its discretion for other agents dealing with the
3 company's assets at the company's expense;
- 4 (7) By purchasing liability insurance for errors and
5 omissions for the board, each director, and any other
6 fiduciary employed or contracted by the company to
7 cover liability or losses caused by the act or
8 omission of a fiduciary;
- 9 (8) By maintaining proper books of accounts and records of
10 the company's administration;
- 11 (9) By carrying out the reporting and disclosure
12 requirements required by law;
- 13 (10) By appointing a qualified actuary to develop and
14 recommend a responsible schedule of premium rates with
15 consideration of the company's investment income or
16 refunds, or both, and to provide actuarial
17 certification of the company's loss reserves; ~~and~~
- 18 (11) By cooperating with and assisting the council in its
19 duties and responsibilities~~[-]~~; and
- 20 (12) By establishing a workers' compensation insurance plan
21 that utilizes a coordinated system of care to provide
22 medical and rehabilitation services to injured

1 employees subject to a valid collective bargaining
2 agreement negotiated and executed pursuant to section
3 386-3.5.

4 (c) For the purposes of subsection (b)(12), "coordinated
5 system of care" means a system of care that provides coverage
6 for the medical and rehabilitative benefits of a workers'
7 compensation insurance policy that:

8 (1) Minimizes workplace injuries and promotes workplace
9 health and safety, through a cooperative effort among
10 the employer, the employer's workers' compensation
11 insurer, the employee, and company;

12 (2) Provides efficient, cost effective, and timely
13 treatment through a coordinated and comprehensive
14 system of quality health care, including the use of
15 case management;

16 (3) Provides a high level of quality of care;

17 (4) Provides an understandable, accessible, and user
18 friendly system of care, including open and direct
19 communication and cooperation among the employer, the
20 company, the employee, and the provider of the
21 coordinated system of care;



- 1 (5) Provides a range of treatment, including but not
2 limited to office, clinic, laboratory, hospital,
3 rehabilitative, emergency, and other essential care;
- 4 (6) Makes available a variety of specialties as may be
5 necessary and several providers within each specialty
6 to afford comprehensive care and a choice of provider
7 to the employee;
- 8 (7) Provides a prompt and appropriate return to work
9 program to assist an injured employee to return to
10 work safely without unnecessary medical delay, and
11 provide the employer and the company with timely
12 medical information, including work return status,
13 recommended work restrictions, projected date of
14 return to work, and degree of maximum medical
15 improvement;
- 16 (8) Provides a vocational rehabilitation program under
17 section 386-25; and
- 18 (9) Provides a program of internal dispute resolution
19 processes such as mediation to reduce the adversarial
20 nature of workers' compensation; provided that the
21 administrative and appeals process under chapter 386

1 shall be available to the injured employee at all
2 times.

3 ~~[(e)]~~ (d) Except as otherwise provided by law, the board
4 may:

5 (1) Transact workers' compensation insurance policies
6 required or authorized by state law to the same extent
7 as any other insurer;

8 (2) Provide the terms and conditions of an insurance
9 policy;

10 (3) Provide that any written instrument be executed for
11 the company by the administrator or the
12 administrator's agent;

13 (4) Enter into agreements to reinsure all or part of the
14 company's exposure to loss and to limit the risk to
15 the company; and

16 (5) Employ persons to administer the company, including
17 legal counsel, accountants, insurance consultants,
18 administrators, qualified actuaries, investment
19 managers, adjustors, other experts, and clerical
20 employees and pay compensation and expenses in
21 connection therewith."

1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Kiric Caldwell

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HB 2695

Report Title:

Employers' Mutual Insurance Company; Workers' Compensation

Description:

Requires the Hawaii employers' mutual insurance company to provide a workers' compensation insurance plan that utilizes a coordinated system of care model to provide medical and rehabilitation services to injured employees.

