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# 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 section to part I of article 14 to be  
3 appropriately designated and to read as follows:

4 "§431:14- Publication of homeowners insurance premium  
5 information. (a) Upon the commissioner's request, all  
6 homeowners insurers shall provide homeowners insurance premium  
7 information to the commissioner within thirty days of the  
8 request.

9 (b) The commissioner shall publish annually, by electronic  
10 or online publication on the official website of the insurance  
11 division, a list of all homeowners insurers and representative  
12 annual premiums for homeowners insurance for each homeowners  
13 insurer.

14 (c) As used in this section:

15 "Homeowners insurance" means a policy of property insurance  
16 for a residential property in the State that combines:

17 (1) Indemnity from destruction or damage of the insured's  
18 property by various designated perils; and



1        (2) Indemnity from legal liability of the insured for  
2                death, injury, or disability of any natural person or  
3                for damage to property.

4        "Homeowners insurer" means an insurer holding a valid  
5 certificate of authority to engage in the business of making  
6 contracts of homeowners insurance in this State."

7        SECTION 2. Section 431:10C-210, Hawaii Revised Statutes,  
8 is amended to read as follows:

9        **"§431:10C-210 Publication of premium [~~rates.~~] information.**

10        (a) Upon the commissioner's request, all motor vehicle insurers  
11 shall provide motor vehicle insurance premium information to the  
12 commissioner within thirty days of the request.

13        (b) The commissioner shall publish annually, [~~in a~~  
14 newspaper of general circulation in the State, notice of  
15 availability of] by electronic or online publication on the  
16 official website of the insurance division, a list of all motor  
17 vehicle insurers with representative annual premiums for motor  
18 vehicle insurance. The commissioner shall have information on  
19 premiums for motor vehicle insurance [~~which~~] that shall be  
20 available to the public on request."

21        SECTION 3. Section 431:14-103.3, Hawaii Revised Statutes,  
22 is amended to read as follows:



1 " ~~[f]~~§431:14-103.3 Rate adjustment mandates. ~~[f]~~ (a)

2 Except as otherwise provided by law, the commissioner may  
3 mandate insurers to submit new filings for any type of insurance  
4 under section 431:14-102 when the commissioner has actuarially  
5 sound information that current rates may be excessive,  
6 inadequate, or unfairly discriminatory.

7 (b) Insurers shall submit the new rate filings within one  
8 hundred twenty days of the commissioner's mandate.

9 (c) The new rate filings shall be subject to the rate  
10 filing requirements under section 431:14-104.

11 (d) If the commissioner finds that rates filed pursuant to  
12 this section are excessive, inadequate, or unfairly  
13 discriminatory after the commissioner has had an opportunity to  
14 review the rate filings submitted under this section, the  
15 commissioner may adjust rates for any class of insurance for any  
16 insurer pursuant to subsections (e) and (f).

17 (e) If, any time subsequent to the applicable review  
18 period provided for in sections 431:14-104 and 431:14-120, the  
19 commissioner does not approve a rate filing by an insurer, the  
20 commissioner shall issue a written notice of disapproval of the  
21 filed rate to the insurer. The written notice shall set forth  
22 the commissioner's proposed rate and the actuarial, statutory,



1 factual, and legal bases for both the disapproval of the rate  
2 filed by the insurer and the commissioner's proposed rate.  
3 Within thirty days of the commissioner's written notice of  
4 disapproval, the insurer may file a written request to the  
5 commissioner for a hearing pursuant to subsection (f); provided  
6 that:

7       (1) If the insurer fails to file a written request for a  
8       hearing, the commissioner's proposed rate shall become  
9       effective sixty days after the expiration of the  
10       deadline to file a written request for a hearing; and  
11       (2) If the insurer files a written request for a hearing,  
12       the current effective rate shall remain in effect  
13       until the final order is rendered.

14       (f) Notwithstanding section 431:14-118, a hearing pursuant  
15 to subsection (e) shall be conducted under the following  
16 procedure:

17       (1) The hearing shall commence within twenty days of  
18       receipt of the written demand for a hearing and  
19       written notice of the hearing shall be provided to the  
20       parties not less than ten days prior to the hearing;



1       (2) The commissioner shall present the commissioner's  
2           proposed rate and the insurer shall present its rate  
3           filing, in addition to other relevant evidence;

4       (3) Within fifteen days after the conclusion of the  
5           hearing, the hearings officer shall issue a proposed  
6           decision; and

7       (4) A rate found by the hearings officer to be in  
8           compliance with this article shall be effective sixty  
9           days after the order is rendered by the director."

10       SECTION 4. Section 431:14-104, Hawaii Revised Statutes, is  
11 amended as follows:

12       1. By amending subsections (f) and (g) to read:

13       "(f) Specific inland marine rates on risks specially  
14 rated, made by a rating organization[7] or advisory  
15 organization, shall be filed with the commissioner.

16       (g) An insurer may satisfy its obligation to make the  
17 filings by becoming a member of, or a subscriber to, a licensed  
18 rating organization [~~which~~] or advisory organization that makes  
19 the filings except for those lines of insurance for which the  
20 commissioner determines individual insurer rate filings shall be  
21 made. Nothing contained in this article shall be construed as



1 requiring any insurer to become a member of or a subscriber to  
2 any rating organization[-] or advisory organization."

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

4 "(j) Except as provided herein and in subsections (k) and  
5 (l) and section 431:14-120, each filing shall be on file for a  
6 waiting period of thirty days before the filing becomes  
7 effective. The period may be extended by the commissioner for  
8 an additional period not to exceed fifteen days if the  
9 commissioner gives written notice within the waiting period to  
10 the insurer, rating organization, or advisory organization that  
11 made the filing that the commissioner needs the additional time  
12 for the consideration of the filing. Upon the written  
13 application by the insurer, rating organization, or advisory  
14 organization, the commissioner may authorize a filing [~~which~~  
15 that the commissioner has reviewed to become effective before  
16 the expiration of the waiting period or any extension thereof.  
17 A filing shall be deemed to meet the requirements of this  
18 article unless disapproved by the commissioner, as provided in  
19 section 431:14-106, within the waiting period or any extension  
20 thereof.

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



- 1 (1) Specific inland marine rates on risks specially rated  
2 by a rating organization[+] or advisory organization;  
3 (2) Any special filing with respect to a surety or  
4 guaranty bond required by law or by court or executive  
5 order or by order or rule of a public body, not  
6 covered by a previous filing; and  
7 (3) Any special filing with respect to any class of  
8 insurance, subdivision, or combination thereof [~~which~~]  
9 that is subject to individual risk premium  
10 modification and has been agreed to by an insured  
11 under a formal or informal bid process.

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

- 15 (1) The commissioner, by written order, may suspend or  
16 modify the requirement of filing as to any class of insurance,  
17 subdivision, or combination thereof, or as to classes of risks,  
18 the rates for which cannot practicably be filed before they are  
19 used. The orders shall be made known to the affected insurers  
20 [~~and~~], rating organizations[-], and advisory organizations. The  
21 commissioner may make examinations as the commissioner may deem



1 advisable to ascertain whether any rates affected by the order  
2 meet the standards set forth in section 431:14-103(a)(1)."

3 SECTION 5. Section 431:14-106, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§431:14-106 Disapproval of filings.** (a) If, within the  
6 waiting period or any extension of the waiting period as  
7 provided in section 431:14-104(j), the commissioner finds that a  
8 filing does not meet the requirements of this article, the  
9 commissioner shall send to the insurer, rating organization, or  
10 advisory organization [~~which~~] that made the filing, written  
11 notice of disapproval of the filing specifying in what respects  
12 the filing fails to meet the requirements of this article,  
13 specifying the actuarial, statutory, factual, or legal bases for  
14 the disapproval, including an explanation of the application of  
15 the particular basis that resulted in disapproval, and stating  
16 that the filing shall not become effective.

17 (b) If within thirty days:

18 (1) After a specific inland marine rate on a risk  
19 specially rated by a rating organization or advisory  
20 organization subject to section 431:14-104(k) has  
21 become effective; or





1           (2) After a special surety or guaranty filing subject to  
2           section 431:14-104(k) has become effective;  
3 the commissioner finds that [~~sueh~~] the filing does not meet the  
4 requirements of this article, the commissioner shall send to the  
5 insurer, rating organization, or advisory organization that made  
6 the filing, written notice of disapproval of the filing  
7 specifying in what respects the filing fails to meet the  
8 requirements of this article and stating when, within a  
9 reasonable period thereafter, the filing shall be deemed no  
10 longer effective. The disapproval shall not affect any contract  
11 made or issued prior to the expiration of the period set forth  
12 in the notice.

13           (c) If any time subsequent to the applicable review period  
14 provided for in subsections (a) or (b), the commissioner finds  
15 that a filing does not comply with the requirements of this  
16 article, the commissioner shall order a hearing upon the filing.  
17 The hearing shall be held upon not less than ten days' written  
18 notice to every insurer and rating organization [~~whø~~] or  
19 advisory organization that made such a filing. The notice shall  
20 specify the matters to be considered at the hearing[-] and  
21 specify the actuarial, statutory, factual, or legal bases for  
22 the commissioner's finding of noncompliance. If, after a



1 hearing the commissioner finds that a filing does not meet the  
2 requirements of this article, the commissioner, within thirty  
3 days of the hearing, shall issue an order specifying in what  
4 respects the filing fails to meet such requirements, and stating  
5 when, within a reasonable period thereafter, the filing shall be  
6 deemed no longer effective. Copies of the order shall be sent  
7 to every such insurer and rating organization~~[-]~~ or advisory  
8 organization, whose filing is affected by the order. The order  
9 shall not affect any contract or policy made or issued prior to  
10 the expiration of the period set forth in the order.

11 (d) If a filing is disapproved, in whole or in part, a  
12 written demand for a hearing may be filed pursuant to section  
13 431:14-118. The insurer shall bear the burden of proving that  
14 the filing meets the requirements of this article.

15 ~~[(d)-(1)]~~ (e) Any person or organization aggrieved with  
16 respect to any filing ~~[which]~~ that is in effect may make written  
17 demand to the commissioner for a hearing thereon; provided~~[-~~  
18 ~~however, that the]~~ that:

19 (1) The insurer [e#], rating organization [which], or  
20 advisory organization that made the filing shall not  
21 be authorized to proceed under this subsection~~[-]~~;



1           (2) The demand shall specify the grounds to be relied upon  
2           by the aggrieved person or organization and [~~such~~] the  
3           demand [~~must~~] shall show that [~~such~~] the person or  
4           organization has a specific economic interest affected  
5           by the filing[-];

6           (3) If the commissioner finds that the demand is made in  
7           good faith, that the applicant would be so aggrieved  
8           if the person's or organization's grounds are  
9           established, and that the grounds otherwise justify  
10          [~~such~~] a hearing, the commissioner shall, within  
11          thirty days after receipt of the demand, hold a  
12          hearing. The hearing shall be held upon not less than  
13          ten days' written notice to the aggrieved party and to  
14          every insurer and rating organization [~~which~~] or  
15          advisory organization that made [~~such~~] the filing.  
16          The aggrieved party shall bear the burden of proving  
17          that the filing fails to meet the standards set forth  
18          in section 431:14-103(a)(1); and

19          (4) If, after the hearing, the commissioner finds that the  
20          filing does not meet the requirements of this article,  
21          the commissioner shall issue an order specifying in  
22          what respects the filing fails to meet the



1 requirements of this article, and stating when, within  
2 a reasonable period, the filing shall be deemed no  
3 longer effective. Copies of the order shall be sent  
4 to the applicant and to every such insurer ~~and~~,  
5 rating organization~~[-]~~, or advisory organization. The  
6 order shall not affect any contract or policy made or  
7 issued prior to the expiration of the period set forth  
8 in the order.

9 ~~[(e)]~~ (f) No manual of classifications, rules, rating  
10 plan, or any modification of any of the foregoing ~~which~~ that  
11 establishes standards for measuring variations in hazards or  
12 expense provisions, or both, and ~~which~~ that has been filed  
13 pursuant to the requirements of section 431:14-104 shall be  
14 disapproved if the rates thereby produced meet the requirements  
15 of this article.

16 ~~[(f)]~~ (g) The notices, hearings, orders, and appeals  
17 referred to in this section are in all applicable respects  
18 subject to chapter 91, unless expressly provided otherwise."

19 SECTION 6. Section 431:10C-209.5, Hawaii Revised Statutes,  
20 is repealed.

21 ~~["431:10C-209.5 Intervention by commissioner to adjust~~  
22 ~~rates.~~ (a) ~~The commissioner, annually, may reduce rates and~~



1 ~~may adjust rates prospectively for any class or type of~~  
2 ~~mandatory coverage or optional additional motor vehicle~~  
3 ~~insurance coverage for any insurer or group of insurers, if~~  
4 ~~rates are excessive, inadequate, or unfairly discriminatory.~~

5 ~~(b) An affected party that objects to a rate adjustment~~  
6 ~~pursuant to subsection (a) shall be entitled to a public hearing~~  
7 ~~under chapter 91, at which all affected and interested parties~~  
8 ~~shall have an opportunity to examine, comment, and present~~  
9 ~~testimony on the impact and application of the proposed or~~  
10 ~~revised rates." ]~~

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

13 SECTION 8. This Act shall take effect on July 1, 2012.



**Report Title:**

Insurance; Rate Filings; Disapproval

**Description:**

Requires homeowners insurers to provide homeowners insurance premium information to Insurance Commissioner upon request. Requires Insurance Commissioner to publish annually, by electronic or online publication on its official website a list of homeowners insurers with representative annual premiums for homeowners insurance. Authorizes Insurance Commissioner to adjust excessive, inadequate, or unfairly discriminatory rates, subject to notice and hearing requirements. Authorizes an advisory organization to make rate filings on behalf of insurers. Effective July 1, 2012. (HB2507 HD1)

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

