

---

---

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

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

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

12           (c) As used in this section:

13           "Homeowners insurance" means an insurance policy for any  
14 residential property in the State that combines:

15           (1) Indemnity from destruction or damage by various perils  
16 of the insured's property; and



1        (2) Indemnity for legal liability of the insured for  
2                death, injury, or disability of any human being or for  
3                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 shall be available to  
20       the public on request."

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



1           "~~+~~§431:14-103.3   **Rate adjustment mandates.**~~+~~ (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) After the commissioner has an opportunity to review  
12   the rate filings submitted under this section, if the  
13   commissioner finds that the rates are excessive, inadequate, or  
14   unfairly discriminatory, the commissioner may adjust rates for  
15   any class of insurance for any insurer pursuant to subsections  
16   (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). If the  
6 insurer fails to file a written request for a hearing:

7       (1) The commissioner's proposed rate shall become  
8           effective sixty days after the expiration of the  
9           deadline to file a written request for a hearing; and

10       (2) The existing effective rate shall remain in effect  
11           until the final order is rendered.

12       (f) The hearing allowed under subsection (e) shall be  
13 conducted under the following procedure:

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

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



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

4       (4) The rate found to be in compliance with this article  
5       shall be effective sixty days after the order is  
6       rendered by the director."

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

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

10       "(f) Specific inland marine rates on risks specially  
11 rated, made by a rating organization[~~r~~] or advisory  
12 organization, shall be filed with the commissioner.

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

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



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

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

19           (1) Specific inland marine rates on risks specially rated  
20           by a rating organization[+] or advisory organization;

21           (2) Any special filing with respect to a surety or  
22           guaranty bond required by law or by court or executive



1 order or by order or rule of a public body, not  
2 covered by a previous filing; and  
3 (3) Any special filing with respect to any class of  
4 insurance, subdivision, or combination thereof which  
5 is subject to individual risk premium modification and  
6 has been agreed to by an insured under a formal or  
7 informal bid process.

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

11 (1) The commissioner, by written order, may suspend or  
12 modify the requirement of filing as to any class of insurance,  
13 subdivision, or combination thereof, or as to classes of risks,  
14 the rates for which cannot practicably be filed before they are  
15 used. The orders shall be made known to the affected insurers  
16 [~~and~~], rating organizations[-], and advisory organizations. The  
17 commissioner may make examinations as the commissioner may deem  
18 advisable to ascertain whether any rates affected by the order  
19 meet the standards set forth in section 431:14-103(a)(1)."

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



1       **"§431:14-106 Disapproval of filings.** (a) If, within the  
2 waiting period or any extension of the waiting period as  
3 provided in section 431:14-104(j), the commissioner finds that a  
4 filing does not meet the requirements of this article, the  
5 commissioner shall send to the insurer, rating organization, or  
6 advisory organization [~~which~~] that made the filing, written  
7 notice of disapproval of the filing specifying in what respects  
8 the filing fails to meet the requirements of this article,  
9 specifying the actuarial, statutory, factual, and legal bases  
10 for the disapproval, including an explanation of the application  
11 thereof that resulted in disapproval, and stating that the  
12 filing shall not become effective.

13       (b) If within thirty days:

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

18       (2) After a special surety or guaranty filing subject to  
19       section 431:14-104(k) has become effective;

20 the commissioner finds that such filing does not meet the  
21 requirements of this article, the commissioner shall send to the  
22 insurer, rating organization, or advisory organization that made





1 the filing, written notice of disapproval of the filing  
2 specifying in what respects the filing fails to meet the  
3 requirements of this article and stating when, within a  
4 reasonable period thereafter, the filing shall be deemed no  
5 longer effective. The disapproval shall not affect any contract  
6 made or issued prior to the expiration of the period set forth  
7 in the notice.

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



1 deemed no longer effective. Copies of the order shall be sent  
2 to every such insurer and rating organization~~[-]~~ or advisory  
3 organization, whose filing is affected by the order. The order  
4 shall not affect any contract or policy made or issued prior to  
5 the expiration of the period set forth in the order.

6 (d) If a filing is disapproved, in whole or in part, a  
7 written demand for a hearing may be filed pursuant to section  
8 431:14-118. The insurer shall bear the burden of proving that  
9 the filing meets the requirements of this article.

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

14 (1) The insurer ~~[or]~~, rating organization ~~[which]~~, or  
15 advisory organization that made the filing shall not  
16 be authorized to proceed under this subsection~~[-]~~;

17 (2) The demand shall specify the grounds to be relied upon  
18 by the aggrieved person or organization and such  
19 demand ~~[must]~~ shall show that such person or  
20 organization has a specific economic interest affected  
21 by the filing~~[-]~~;



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

14 (4) If, after the hearing, the commissioner finds that the  
15 filing does not meet the requirements of this article,  
16 the commissioner shall issue an order specifying in  
17 what respects the filing fails to meet the  
18 requirements of this article, and stating when, within  
19 a reasonable period, the filing shall be deemed no  
20 longer effective. Copies of the order shall be sent  
21 to the applicant and to every such insurer and rating  
22 organization[~~-~~] or advisory organization. The order



1 shall not affect any contract or policy made or issued  
2 prior to the expiration of the period set forth in the  
3 order.

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

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

14 SECTION 6. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2012.



**Report Title:**

Insurance; Publication of Rates; Rate Filings; Rate Intervention

**Description:**

Requires the commissioner to publish a list of homeowners insurers and homeowners insurance annual premiums on the insurance division's official website. Requires the commissioner to publish a list of motor vehicle insurers and motor vehicle insurance annual premiums on the insurance division's official website. Allows the commissioner to intervene to adjust insurance rates. Provides for written notice of disapproval and hearing requirements. (SD1)

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

