
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
20 to 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,]~~ In addition to section
 3 431:10C-209.5, the commissioner may mandate insurers to submit
 4 new filings for any type of insurance under section 431:14-102
 5 when the commissioner has actuarially sound information that
 6 current rates may be excessive, inadequate, or unfairly
 7 discriminatory.

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

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

12 (d) After the commissioner reviews the rate filings
 13 submitted under this section, if the commissioner finds that the
 14 rates are excessive, inadequate, or unfairly discriminatory, the
 15 commissioner may adjust the rates for any class of insurance for
 16 any 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
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 existing effective rate shall remain in effect
13 until the final order is rendered.

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

- 16 (1) The hearing shall commence within twenty days of
17 receipt of the written demand for a hearing, and
18 written notice of the hearing shall be provided to the
19 parties not less than ten days prior to the hearing;
20 (2) The commissioner shall present the commissioner's
21 proposed rate and the insurer shall present its rate
22 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~~[-]~~ 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~~[-]~~ 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 that is subject to individual risk premium
6 modification and has been agreed to by an insured
7 under a formal or 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~~] the 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
9 period provided for in subsections (a) or (b), the commissioner
10 finds that a filing does not comply with the requirements of
11 this article, the commissioner shall order a hearing upon the
12 filing. The hearing shall be held upon not less than ten days'
13 written notice to every insurer [~~and~~], rating organization
14 [~~who~~], or advisory organization that made [~~such~~] the filing.
15 The notice shall specify the matters to be considered at the
16 hearing[-] and specify the actuarial, statutory, factual, and
17 legal bases for the commissioner's finding of noncompliance.
18 If, after a hearing, the commissioner finds that a filing does
19 not meet the requirements of this article, the commissioner,
20 within thirty days of the hearing, shall issue an order
21 specifying in what respects the filing fails to meet such
22 requirements, and stating when, within a reasonable period



1 thereafter, the filing shall be deemed no longer effective.

2 Copies of the order shall be sent to every such insurer [~~and~~],
3 rating organization[~~-~~], or advisory organization whose filing is
4 affected by the order. The order shall not affect any contract
5 or policy made or issued prior to the expiration of the period
6 set forth in the order.

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

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

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

18 (2) The demand shall specify the grounds to be relied upon
19 by the aggrieved person or organization and [~~such~~] the
20 demand [~~must~~] shall show that [~~such~~] the person or
21 organization has a specific economic interest affected
22 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, shall 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]~~ the filing.
11 The aggrieved party shall bear the burden of proving
12 that the filing fails to meet the standards set forth
13 in 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]~~,
22 rating organization~~[-]~~, or advisory organization. The



1 order shall not affect any contract or policy made or
2 issued prior to the expiration of the period set forth
3 in the 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. (SD2)

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