
A BILL FOR AN ACT

RELATING TO INSURANCE RATES.

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

1 SECTION 1. The legislature finds that health and life
2 insurance benefits for public workers, retirees, and their
3 dependents have resulted in an enormous unfunded liability
4 burden to the State. This unfunded liability has been
5 exacerbated by insurance rate hikes, particularly health
6 insurance rate hikes. Currently, the insurance commissioner
7 reviews and approves health insurance rates pursuant to chapter
8 431:14G, Hawaii Revised Statutes. This process lacks community
9 and industry input.

10 The purpose of this Act is to create a board that will
11 oversee the insurance commissioner in evaluating the rate
12 filings of health insurers. This board will broaden the scope
13 of assessment in an effort to keep health insurance rates
14 aligned with what the State, individual policyholders, and the
15 industry itself can tolerate.

16 SECTION 2. Chapter 431:14G, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:



1 "§431:14G- Rate adjustment recommendation board. (a)

2 There shall be, within the insurance division, an advisory board
3 to be known as the rate adjustment recommendation board. The
4 rate adjustment recommendation board shall submit written
5 recommendations to the commissioner regarding rate adjustment
6 filings under section 431:14G-105. The commissioner shall
7 provide all information submitted by the insurer in support of
8 each rate filing to the board.

9 (b) The board shall consist of seven board members:

10 (1) One member of the Chamber of Commerce of Hawaii;

11 (2) One member of the Hawaii Small Business
12 Administration;

13 (3) One member of the Hawaii Society of Certified Public
14 Accountants;

15 (4) One member of a private sector union;

16 (5) One representative of an insurance carrier;

17 (6) One member appointed from a list of three nominees
18 submitted by the speaker of the house of
19 representatives; and

20 (7) One member appointed from a list of three nominees
21 submitted by the senate president.



1 Board members shall be selected on the basis of experience
2 and ability to make contributions to the development of policy
3 relating to health insurance rates. The board members shall be
4 appointed by the governor and shall serve pursuant to section
5 26-34. Members shall serve without compensation but shall be
6 entitled to reimbursement for necessary expenses incurred while
7 in the discharge of their duties.

8 (c) The board may, within the waiting period provided in
9 section 431:14G-105(g), hold a public hearing at which public
10 testimony may be accepted. All meetings and hearings of the
11 board shall be conducted in accordance with chapter 92; provided
12 that confidential or proprietary information provided to the
13 board in the context of rate filings, including supplementary
14 rating and supporting information, shall be exempt from public
15 disclosure and from disclosure under chapter 92F.

16 (d) The commissioner shall consider any recommendation of
17 the board received before the expiration of the waiting period
18 provided in section 431:14G-105(g) in making a determination as
19 to a rate filing pursuant to section 431:14G-105 or 431:14G-107.
20 The commissioner shall not be bound by any recommendation of the
21 board; provided that if the commissioner does not agree with the



1 board's recommendation the commissioner shall state the specific
2 reasons for the disagreement in a written order."

3 SECTION 3. Section 431:14G-102, Hawaii Revised Statutes,
4 is amended by adding a new definition to be appropriately
5 inserted and to read as follows:

6 "Board" means the rate adjustment recommendation board
7 established pursuant to section 431:14G- ."

8 SECTION 4. This Act does not affect rights and duties that
9 matured, penalties that were incurred, and proceedings that were
10 begun before its effective date.

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect upon its approval.

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H.B. NO. 1458

Report Title:

Board of Insurance; Insurance Commissioner; Rates

Description:

Establishes the rate adjustment recommendation board within the Insurance Division to make recommendations to the Insurance Commissioner regarding the disposition of rate adjustment filings.

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