

JAN 19 2024

A BILL FOR AN ACT

RELATING TO TRANSPARENCY.

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

1 SECTION 1. Chapter 432, Hawaii Revised Statutes, is
2 amended by adding a new section to article 1, part IV, to be
3 appropriately designated and to read as follows:
4 "§432:1- Not for profit mutual benefit societies;
5 compilation of information; disclosure required. (a) Upon
6 receipt of a statement required by section 432:1-404(a) from a
7 society that is not for profit, the commissioner shall prepare
8 and maintain, for the purpose of making the information
9 available to the general public, a compilation of each society's
10 annual compensation provided to each executive officer and each
11 member of the board of directors for the preceding calendar year
12 and a description of each position.
13 (b) Notwithstanding any other law to the contrary, the
14 commissioner or department of commerce and consumer affairs
15 shall make the compilation prepared pursuant to subsection (a)
16 available for public inspection and duplication pursuant to
17 section 92F-12(a)(15)."



1 SECTION 2. Section 432:1-404, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each society shall file with the commissioner
4 annually, on or before March 1 in each year, a statement under
5 oath, and in such form and detail as the commissioner shall
6 prescribe; provided that a statement filed by a society that is
7 not for profit shall include the annual compensation provided to
8 each executive officer and each member of the board of directors
9 for the preceding calendar year and a description of each
10 position; provided further that any association or society
11 organized and operating as a nonprofit medical indemnity or
12 hospital service association shall file a report with the
13 commissioner covering the preceding calendar year and verified
14 by at least two principal officers. Each mutual benefit society
15 shall file quarterly with the commissioner, on or before the
16 forty-fifth day after each quarter, a copy of its quarterly
17 report verified by at least two principal officers. The report
18 shall comply with sections 431:3-301 and 431:3-302. The
19 commissioner may prescribe the forms on which the report is to
20 be filed.



1 In addition, any association or society organized and
2 operating as a nonprofit medical indemnity or hospital service
3 association annually shall file with the commissioner the
4 following by the dates specified:

5 (1) An audit, by an independent certified public
6 accountant or an accounting firm designated by the
7 association or society, of the financial statements,
8 reporting the financial condition and results of
9 operations of the association or society on or before
10 June 1, or a later date as the commissioner upon
11 request or for cause may specify. The association or
12 society, on an annual basis and [~~prior to~~] before the
13 commencement of the audit, shall notify the
14 commissioner in writing of the name and address of the
15 person or firm retained to conduct the annual audit.
16 The commissioner may disapprove the association's or
17 society's designation within fifteen days of receipt
18 of the association's or society's notice, and the
19 association or society shall be required to designate
20 another independent certified public accountant or
21 accounting firm. The audit required by this paragraph



1 shall be prepared in accordance with the National
 2 Association of Insurance Commissioners' accounting
 3 practices and procedures manual and rules adopted by
 4 the commissioner following the practices and
 5 procedures prescribed by the National Association of
 6 Insurance Commissioners; and
 7 (2) A description of the available grievance procedures,
 8 the total number of grievances handled through those
 9 procedures, a compilation of the causes underlying
 10 those grievances, and a summary of the final
 11 disposition of those grievances on or before March 1."

12 SECTION 3. This Act does not affect rights and duties that
 13 matured, penalties that were incurred, and proceedings that were
 14 begun before its effective date.

15 SECTION 4. Statutory material to be repealed is bracketed
 16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect upon its approval.
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INTRODUCED BY: *David Fulem*



S.B. NO. 2730

Report Title:

DCCA; Insurance Commissioner; Not For Profit Mutual Benefit Society; Annual Statement; Compensation; Executive Officers; Board Members; Compilation; Disclosure

Description:

Requires not for profit mutual benefit societies to include in annual statements the compensation provided to each executive officer and board member for the preceding calendar year and a description of each position. Requires the Insurance Commissioner to prepare and maintain a compilation of the information for each not for profit mutual benefit society. Requires the Insurance Commissioner or the Department of Commerce and Consumer Affairs to make the compilation available for public inspection and duplication.

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

