

## ACT 127

S.B. NO. 1127

A Bill for an Act Relating to Insurance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**§431: Assessments of health insurers.** (a) The assessments shall be used to defray any administrative costs, including personnel costs, associated with health insurance regulation, and costs incurred by supporting offices and divisions. Any law to the contrary notwithstanding, the commissioner may use the moneys from assessments to employ, without regard to chapters 76 and 77, necessary professional, technical, administrative, and support personnel to implement and carry out the purposes of title 24 as it relates to health insurance.

(b) Beginning with fiscal year 2000-2001, and including fiscal year 2001-2002, each mutual benefit society under article 1 of chapter 432, health maintenance organization under chapter 432D, and any other entity offering or providing health benefits or services under the regulation of the commissioner, except an insurer licensed to offer health insurance under article 10A, shall deposit with the commissioner by July 1 of each year an assessment of \$10,000 for the first seventy thousand private, nongovernment members the entity covers and an additional assessment on a pro rata basis to be determined and imposed by the commissioner for covered members exceeding seventy thousand; provided that in the third year and each year thereafter, assessments shall be borne on a pro rata basis. The aggregate annual assessment shall not exceed \$1,000,000. The assessment shall be credited to the insurance regulation fund. If assessments are increased, the commissioner shall provide to any organization or entity subject to the increased assessment, justification for the increase.

(c) Moneys credited to the insurance regulation fund that are not used for health insurance regulation or general administration purposes shall not revert to the general fund nor shall be used for other purposes.

(d) The commissioner may suspend any assessment made against any mutual benefit society under article 1 of chapter 432, health maintenance organization under chapter 432D, and any other entity offering or providing health benefits or services under the regulation of the commissioner if the commissioner determines that the entity may reach insolvency or other financial difficulty if the assessment is made against the entity.”

SECTION 2. Upon approval of this Act, each mutual benefit society under article 1 of chapter 432, Hawaii Revised Statutes, health maintenance organization under chapter 432D, Hawaii Revised Statutes, and any other entity offering or providing health benefits or services under the regulation of the commissioner, except an insurer licensed to offer health insurance under article 10A of chapter 431, Hawaii Revised Statutes, shall pay to the insurance commissioner by September 30, 1999, a one-time assessment in an aggregate amount not to exceed \$1,000,000 to be credited to the insurance regulation fund; provided that the insurance commissioner may spread the total assessment required over several smaller assessments.

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SECTION 3. There is appropriated the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 1999-2000 and the sum of \$1,000,000 or so much thereof as may be necessary to be deposited into the insurance regulation fund to carry out the purposes of this Act.

The sums appropriated shall be expended by the department of commerce and consumer affairs for the purposes of this Act.

SECTION 4. New statutory material is underscored.<sup>1</sup>

SECTION 5. This Act shall take effect after S.B. No. 1129<sup>2</sup> in its final form, 1999 Regular Session, becomes an Act.

(Approved June 25, 1999.)

**Notes**

1. Edited pursuant to HRS §23G-16.5.
2. Act 163.