

## ACT 149

H.B. NO. 262

A Bill for an Act Relating to Insurance Fraud.

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

SECTION 1. The legislature finds that insurance fraud reportedly costs every household in the United States an average of \$500 per year. In Hawaii, the cost of motor vehicle insurance fraud alone was estimated in 1997 to be over \$164 annually per household. In recognition of the impact that fraud has on the cost of motor vehicle insurance, Act 251, Session Laws of Hawaii 1997 (Act 251), established an insurance fraud investigations unit and motor vehicle insurance fraud violations and penalties. Act 155, Session Laws of Hawaii 1998 (Act 155), clarified the penalties for the offense of motor vehicle insurance fraud and enhanced the powers and clarified the purpose of the insurance fraud investigations unit to combat motor vehicle insurance fraud.

Insurance fraud also increasingly affects costs within the health insurance industry. Industry health care fraud losses are estimated at three to fourteen per cent of the \$1,200,000,000,000 in annual national health care costs. This is equivalent to approximately \$36,000,000,000 to \$168,000,000,000 annually. In Hawaii, based on the conservative estimate that insurance fraud amounts to three per cent of annual Hawaii health care costs, health insurance fraud causes losses that exceed \$60,000,000 annually. In response to the growing problem of fraud in the area of health insurance, the legislature enumerated penalties for health insurance fraud offenses in Act 125, Session Laws of Hawaii 2003. However, Act 125 does not clearly assign the responsibility of investigating and prosecuting insurance fraud violations to a specific law enforcement agency.

The legislature further finds that no line of insurance is free of insurance fraud. Rather than limit administrative, civil, and criminal penalties for insurance fraud to only motor vehicle insurance, Hawaii's insurance fraud law should be expanded to include all lines of insurance to deter perpetrators of insurance fraud by demonstrating that no line of insurance is a safe haven for those who commit insurance fraud.

The purpose of this Act is to:

- (1) Establish an insurance fraud investigations branch to replace the existing insurance fraud investigations unit established in Act 251 and expanded by Act 155, and to empower the branch to investigate and prosecute insurance fraud in all lines of insurance except workers' compensation under chapter 386, Hawaii Revised Statutes;
- (2) Impose administrative, civil, and criminal penalties for offenses of insurance fraud in all covered lines of insurance and for different types of insurance fraud, including fraudulent applications and sales; and
- (3) Direct the deposit of fines and settlements resulting from successful insurance fraud prosecutions into the compliance resolution fund to help the insurance fraud investigations branch cover the cost of preventing, investigating, and prosecuting insurance fraud.

SECTION 2. Chapter 431, Hawaii Revised Statutes, is amended by adding a new part to article 2 to be appropriately designated and to read as follows:

**"PART . INSURANCE FRAUD**

**§431:2-A Definitions.** As used in this part:

"Branch" means the insurance fraud investigations branch of the insurance division of the department of commerce and consumer affairs.

"Insurance policy" means a contract issued by an insurer or other licensee.

"Intentionally" shall have the same meaning as under section 702-206.

"Knowingly" shall have the same meaning as under section 702-206.

"Licensee" means an entity licensed under and governed by title 24, including an insurer governed by chapter 431, a mutual benefit society governed by article 1 of chapter 432, a fraternal benefit society governed by article 2 of chapter 432, or a health maintenance organization governed by chapter 432D, and their respective agents and employees engaged in the business of the licensee.

"Person" means any individual, company, association, organization, group, partnership, business, trust, or corporation; but shall exclude:

- (1) Insurers, as defined in section 431:1-202, and other licensees, as defined in this part; and
- (2) Licensed attorneys acting in their capacity as attorneys for a claimant other than the licensed attorney.

**§431:2-B Insurance fraud investigations branch.** (a) There is established in the insurance division the insurance fraud investigations branch for the purposes set forth in this part.

(b) The branch shall:

- (1) Conduct a statewide program for the prevention of insurance fraud under title 24, including chapters 431, 432, and 432D; provided that the branch shall not have jurisdiction over workers' compensation under chapter 386;
- (2) Notwithstanding any other law to the contrary, investigate and prosecute in administrative hearings and courts of competent jurisdiction all persons involved in insurance fraud violations; and
- (3) Promote public and industry-wide education about insurance fraud.

(c) The branch may review and take appropriate action on complaints relating to insurance fraud.

(d) The commissioner shall employ or retain, by contract or otherwise, attorneys, investigators, investigator assistants, auditors, accountants, physicians, health care professionals, paralegals, consultants, experts, and other professional, technical, and support staff as necessary to promote the effective and efficient conduct of the branch's activities. The commissioner may hire these employees without regard to chapters 76 or 89.

(e) Notwithstanding any other law to the contrary, an attorney employed or retained by the branch may represent the State in any criminal, civil, or administrative proceeding to enforce all applicable state laws relating to insurance fraud, including criminal prosecutions, disciplinary actions, and actions for declaratory and injunctive relief. The attorney general may designate an attorney as a special deputy attorney general for purposes of this subsection.

(f) Investigators appointed and commissioned under this part shall have and may exercise all of the powers and authority of a police officer or of a deputy sheriff.

(g) Funding for the branch shall come from the compliance resolution fund established by section 26-9(o).

**§431:2-C Insurance fraud.** (a) A person commits the offense of insurance fraud if the person:

- (1) Intentionally or knowingly misrepresents or conceals material facts, opinions, intention, or law to obtain or attempt to obtain coverage, benefits, recovery, or compensation:
  - (A) When presenting, or causing or permitting to be presented, an application, whether written, typed, or transmitted through electronic media, for the issuance or renewal of an insurance policy or reinsurance contract;
  - (B) When presenting, or causing or permitting to be presented, false information on a claim for payment;
  - (C) When presenting, or causing or permitting to be presented, a claim for the payment of a loss;
  - (D) When presenting, or causing or permitting to be presented, multiple claims for the same loss or injury, including knowingly presenting such multiple and duplicative claims to more than one insurer;
  - (E) When presenting, or causing or permitting to be presented, any claim for payment of a health care benefit;
  - (F) When presenting, or causing or permitting to be presented, a claim for a health care benefit that was not used by, or provided on behalf of, the claimant;
  - (G) When presenting, or causing or permitting to be presented, improper multiple and duplicative claims for payment of the same health care benefit;
  - (H) When presenting, or causing or permitting to be presented, for payment any undercharges for benefits on behalf of a specific claimant unless any known overcharges for benefits under this article for that claimant are presented for reconciliation at the same time;
  - (I) When fabricating, altering, concealing, making an entry in, or destroying a document whether typed, written, or through an audio or video tape or electronic media;
  - (J) When presenting, or causing or permitting to be presented, to a person, insurer, or other licensee false, incomplete, or misleading information to obtain coverage or payment otherwise available under an insurance policy;
  - (K) When presenting, or causing or permitting to be presented, to a person or producer, information about a person's status as a licensee that induces a person or insurer to purchase an insurance policy or reinsurance contract; and
  - (L) When making, or causing or permitting to be made, any statement, either typed, written, or through audio or video tape or electronic media, or claims by the person or on behalf of a person with regard to obtaining legal recovery or benefits;
- (2) Intentionally or knowingly aids, agrees, or attempts to aid, solicit, or conspire with any person who engages in an unlawful act as defined under this section; or

- (3) Intentionally or knowingly makes, causes, or permits to be presented, any false statements or claims by any person or on behalf of any person during an official proceeding as defined by section 710-1000.
- (b) Violation of subsection (a) is a criminal offense and shall constitute:
  - (1) A class B felony if the value of the benefits, recovery, or compensation obtained or attempted to be obtained is more than \$20,000;
  - (2) A class C felony if the value of the benefits, recovery, or compensation obtained or attempted to be obtained is more than \$300; or
  - (3) A misdemeanor if the value of the benefits, recovery, or compensation obtained or attempted to be obtained is \$300 or less.
- (c) This section shall not supersede any other law relating to theft, fraud, or deception. Insurance fraud may be prosecuted under this part, or any other applicable statute or common law, and all such remedies shall be cumulative.

**§431:2-D Restitution.** Any person convicted under this part shall be ordered by a court to make restitution to any insurer, person, or licensee for any financial loss sustained by that insurer, person, or licensee that was caused by the act or acts for which the person was convicted.

**§431:2-E Insurance fraud; administrative penalties.** (a) In addition to or in lieu of criminal penalties under section 431:2-C(b), any person who commits insurance fraud as defined under section 431:2-C, may be subject to the administrative penalties in this section.

(b) If a person is found to have knowingly committed insurance fraud under this part, the commissioner may assess any or all of the following penalties:

- (1) Restitution to any insurer or any other person of benefits or payments fraudulently received or other damages or costs incurred;
- (2) A fine of not more than \$10,000 for each violation; and
- (3) Reimbursement of attorneys' fees and costs of the party sustaining a loss under this part; provided that the State shall be exempt from paying attorneys' fees and costs to other parties.

(c) Administrative actions brought for insurance fraud under this part shall be brought within six years after the insurance fraud is discovered or by exercise of reasonable diligence should have been discovered and, in any event, no more than ten years after the date on which a violation of this part is committed.

**§431:2-F Administrative procedures.** (a) An administrative penalty may be imposed upon a judgment by a court of competent jurisdiction or upon an order by the commissioner.

(b) The commissioner shall hold a hearing in accordance with chapter 91, prior to imposing any administrative remedy.

**§431:2-G Acceptance of payment.** A provider's failure to dispute a reduced payment by an insurer shall not constitute an implied admission that a fraudulent billing was submitted.

**§431:2-H Civil cause of action for insurance fraud; exemption.** (a) An insurer or other licensee shall have a civil cause of action to recover payments or benefits from any person who has violated section 431:2-C; provided that no

recovery shall be allowed if the person has made restitution pursuant to section 431:2-D or 431:2-E(b)(1).

(b) A person, insurer, or other licensee, including an insurer's or other licensee's adjusters, bill reviewers, producers, representatives, or common-law agents shall not be subject to civil liability for providing information, including filing a report, furnishing oral, written, audiotaped, videotaped, or electronic media evidence, providing documents, or giving testimony concerning suspected, anticipated, or completed insurance fraud to:

- (1) A court;
- (2) The commissioner;
- (3) The branch;
- (4) The National Association of Insurance Commissioners;
- (5) The National Insurance Crime Bureau;
- (6) Any federal, state, or county law enforcement or regulatory agency; or
- (7) Another insurer or other licensee,

if acting without actual malice and if the information is provided for the purpose of preventing, investigating, or prosecuting insurance fraud, except if the person commits perjury.

(c) Civil actions for insurance fraud under this part shall be filed within six years after the insurance fraud is discovered or should have been discovered by exercise of reasonable diligence; provided that no civil action shall be filed more than ten years after the date on which a violation of this part is committed.

**§431:2-I Mandatory reporting.** (a) Within sixty days of an insurer or other licensee's employee or agent discovering credible information indicating a violation of section 431:2-C, or as soon thereafter as practicable, the insurer or licensee shall provide to the branch information, including documents and other evidence, regarding the alleged violation of section 431:2-C. The insurance fraud investigations branch shall work with the insurer or licensee to determine what information shall be provided.

(b) Information provided pursuant to this section shall be protected from public disclosure to the extent authorized by chapter 92F and section 431:2-209; provided that the branch may release the information in an administrative or judicial proceeding to enforce this part to federal, state, or local law enforcement or regulatory authorities, the National Association of Insurance Commissioners, the National Insurance Crime Bureau, or an insurer or other licensee aggrieved by the alleged violation of section 431:2-C.

**§431:2-J Deposit into the compliance resolution fund.** All moneys that have been recovered by the department of commerce and consumer affairs as a result of prosecuting insurance fraud violations pursuant to this part, including civil fines, criminal fines, administrative fines, and settlements, but not including restitution made pursuant to section 431:2-D, 431:2-E(b)(1), or 431:2-H, shall be deposited into the compliance resolution fund established pursuant to section 26-9(o)."

SECTION 3. Section 431:2-203, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

- "(b) (1) A person who intentionally or knowingly violates, intentionally or knowingly permits any person over whom the person has authority to violate, or intentionally or knowingly aids any person in violating any insurance rule or statute of this State or any effective order issued by the commissioner, shall be subject to any penalty or

- fine as ~~[stated in]~~ provided by this code or by the penal code of the Hawaii Revised Statutes.
- (2) If the commissioner has cause to believe that any person has violated any penal provision of this code or of other laws relating to insurance, the commissioner shall proceed against that person or certify the facts of the violation to the public prosecutor of the jurisdiction in which the offense was committed.
  - (3) Violation of any provision of this code is punishable by a fine of not less than \$100 nor more than \$10,000 per violation, or by imprisonment for not more than one year, or both, in addition to any other penalty or forfeiture provided herein or otherwise by law.
  - (4) The terms "intentionally" and "knowingly" shall have the same meanings ~~[given]~~ as defined in section 702-206(1) and (2)."

SECTION 4. Section 431:2-204, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) When the commissioner, through the insurance fraud investigations ~~[unit,]~~ branch, is conducting an investigation of possible violations of ~~[section 431:10C-307.7,]~~ part, the commissioner shall pay to a financial institution that is served a subpoena issued under this section a fee for reimbursement of ~~[such]~~ the costs [as] that are necessary and which have been directly incurred in searching for, reproducing, or transporting books, papers, documents, or other objects designated by the subpoena. Reimbursement shall be paid at a rate not to exceed the rate set forth in section 28-2.5(d)."

SECTION 5. Section 432:2-102, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Nothing in this article shall exempt fraternal benefit societies from the provisions and requirements of part of article 2 of chapter 431 and of section 431:2-215."

SECTION 6. Section 706-606.5, Hawaii Revised Statutes, is amended by amending subsection (1) to read as follows:

"(1) Notwithstanding section 706-669 and any other law to the contrary, any person convicted of murder in the second degree, any class A felony, any class B felony, or any of the following class C felonies: section 188-23 relating to possession or use of explosives, electrofishing devices, and poisonous substances in state waters; section 386-98(d)(1) relating to fraud violations and penalties; ~~[section 431:10A-131(b)(2) relating to insurance fraud; section 431:10C-307.7(b)(2) relating to insurance fraud; section 432:1-106(b)(2) relating to insurance fraud; section 432D-18.5(b)(2)]~~ section 431:2-C(b)(2) relating to insurance fraud; section 707-703 relating to negligent homicide in the second degree; section 707-711 relating to assault in the second degree; section 707-713 relating to reckless endangering in the first degree; section 707-716 relating to terroristic threatening in the first degree; section 707-721 relating to unlawful imprisonment in the first degree; section 707-732 relating to sexual assault or rape in the third degree; section 707-752 relating to promoting child abuse in the third degree; section 707-757 relating to electronic enticement of a child in the second degree; section 707-766 relating to extortion in the second degree; section 708-811 relating to burglary in the second degree; section 708-821 relating to criminal property damage in the second degree; section 708-831 relating to theft in the first degree as amended by Act 68, Session Laws of Hawaii 1981; section 708-831 relating to theft in the second degree; section 708-835.5 relating to theft of livestock; section 708-836 relating to unauthorized control of propelled vehicle; section

708-839.8 relating to identity theft in the third degree; section 708-839.55 relating to unauthorized possession of confidential personal information; section 708-852 relating to forgery in the second degree; section 708-854 relating to criminal possession of a forgery device; section 708-875 relating to trademark counterfeiting; section 710-1071 relating to intimidating a witness; section 711-1103 relating to riot; section 712-1203 relating to promoting prostitution in the second degree; section 712-1221 relating to gambling in the first degree; section 712-1224 relating to possession of gambling records in the first degree; section 712-1243 relating to promoting a dangerous drug in the third degree; section 712-1247 relating to promoting a detrimental drug in the first degree; section 846E-9 relating to failure to comply with covered offender registration requirements; section 134-7 relating to ownership or possession of firearms or ammunition by persons convicted of certain crimes; section 134-8 relating to ownership, etc., of prohibited weapons; section 134-9 relating to permits to carry, or who is convicted of attempting to commit murder in the second degree, any class A felony, any class B felony, or any of the class C felony offenses enumerated above and who has a prior conviction or prior convictions for the following felonies, including an attempt to commit the same: murder, murder in the first or second degree, a class A felony, a class B felony, any of the class C felony offenses enumerated above, or any felony conviction of another jurisdiction, shall be sentenced to a mandatory minimum period of imprisonment without possibility of parole during such period as follows:

- (a) One prior felony conviction:
  - (i) Where the instant conviction is for murder in the second degree or attempted murder in the second degree—ten years;
  - (ii) Where the instant conviction is for a class A felony—six years, eight months;
  - (iii) Where the instant conviction is for a class B felony—three years, four months; and
  - (iv) Where the instant conviction is for a class C felony offense enumerated above—one year, eight months;
- (b) Two prior felony convictions:
  - (i) Where the instant conviction is for murder in the second degree or attempted murder in the second degree—twenty years;
  - (ii) Where the instant conviction is for a class A felony—thirteen years, four months;
  - (iii) Where the instant conviction is for a class B felony—six years, eight months; and
  - (iv) Where the instant conviction is for a class C felony offense enumerated above—three years, four months;
- (c) Three or more prior felony convictions:
  - (i) Where the instant conviction is for murder in the second degree or attempted murder in the second degree—thirty years;
  - (ii) Where the instant conviction is for a class A felony—twenty years;
  - (iii) Where the instant conviction is for a class B felony—ten years; and
  - (iv) Where the instant conviction is for a class C felony offense enumerated above—five years.”

SECTION 7. Section 706-643, Hawaii Revised Statutes, is amended by amending subsection (2) to read as follows:

“(2) All fines and other final payments received by a clerk or other officer of a court shall be accounted for, with the names of persons making pay-

ment, and the amount and date thereof, being recorded. All such funds shall be deposited with the director of finance to the credit of the general fund of the State. With respect to fines and bail forfeitures ~~[which]~~ that are proceeds of the wildlife revolving fund under section 183D-10.5, and fines that are proceeds of the compliance resolution fund under sections 26-9(o) and 431:2-J, the director of finance shall transmit the fines and forfeitures to ~~[that fund.]~~ the respective funds."

SECTION 8. Section 806-83, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Criminal charges may be instituted by written information for a felony when the charge is a class C felony under section 19-3.5 (voter fraud); section 128D-10 (knowing releases); section 132D-14(a)(1), (2)(A), and (3) (penalties for failure to comply with requirements of sections 132D-7, 132D-10, and 132D-16); section 134-24 (place to keep unloaded firearms other than pistols and revolvers); section 134-7(a) and (b) (ownership or possession prohibited); section 134-8 (prohibited ownership); section 134-9 (licenses to carry); section 134-17(a) (relating to false information or evidence concerning psychiatric or criminal history); section 134-51 (deadly weapons); section 134-52 (switchblade knives); section 134-53 (butterfly knives); section 188-23 (possession or use of explosives, electrofishing devices, and poisonous substances in state waters prohibited); section 231-34 (attempt to evade or defeat tax); section 231-36 (false and fraudulent statements); section 245-37 (sale or purchase of packages of cigarettes without stamps); section 245-38 (vending unstamped cigarettes); section 245-51 (sale of export cigarettes prohibited); section 245-52 (alteration of packaging prohibited); section 291C-12.5 (accidents involving substantial bodily injury); section 291E-61.5 (habitually operating a vehicle under the influence of an intoxicant); section 329-41 (prohibited acts B); section 329-42 (prohibited acts C); section 329-43.5 (prohibited acts related to drug paraphernalia); section 329C-2 (manufacture, distribution, or possession with intent to distribute an imitation controlled substance to a person under eighteen years of age); section 346-34(d)(2) and (e) (fraud involving food stamps or coupons with a value exceeding \$300); section 346-43.5 (medical assistance fraud); section 383-141 (falsely obtaining benefits); ~~[section 431:10C-307.7]~~ section 431:2-C(b)(2) (insurance fraud); section 482D-7 (violation of fineness standards and stamping requirements); section 485A-301 (registration of securities); section 485A-401 (registration of broker-dealers); section 485A-402 (registration of agents); section 485A-403 (registration of investment advisors); section 485A-404 (registration of investment advisor representatives); section 485A-405 (registration of federal covered investment advisors); section 485A-501 (general fraud); section 485A-502 (prohibited conduct in providing investment advice); section 707-703 (negligent homicide in the second degree); section 707-705 (negligent injury in the first degree); section 707-711 (assault in the second degree); section 707-713 (reckless endangering in the first degree); section 707-721 (unlawful imprisonment in the first degree); section 707-726 (custodial interference in the first degree); section 707-757 (electronic enticement of a child in the second degree); section 707-766 (extortion in the second degree); section 708-811 (burglary in the second degree); section 708-821 (criminal property damage in the second degree); section 708-831 (theft in the second degree); section 708-833.5 (shoplifting); section 708-835.5 (theft of livestock); section 708-836 (unauthorized control of propelled vehicle); section 708-836.5 (unauthorized entry into motor vehicle); section 708-839.5 (theft of utility services); section 708-839.8 (identity theft in the third degree); section 708-852 (forgery in the second degree); section 708-854 (criminal possession of a forgery device); section 708-858 (suppressing a testamentary or record-

able instrument); section 708-875 (trademark counterfeiting); section 708-891.5 (computer fraud in the second degree); section 708-892.5 (computer damage in the second degree); section 708-895.6 (unauthorized computer access in the second degree); section 708-8100 (fraudulent use of a credit card); section 708-8102 (theft/forgery of credit cards); section 708-8103 (credit card fraud by a provider of goods or services); section 708-8104 (possession of unauthorized credit card machinery or incomplete cards); section 708-8200 (cable television service fraud in the first degree); section 708-8202 (telecommunication service fraud in the first degree); section 709-903.5 (endangering the welfare of a minor in the first degree); section 709-906 (abuse of family or household members); section 710-1016.3 (obtaining a government-issued identification document under false pretenses in the first degree); section 710-1016.6 (impersonating a law enforcement officer in the first degree); section 710-1017.5 (sale or manufacture of deceptive identification document); section 710-1018 (securing the proceeds of an offense); section 710-1021 (escape in the second degree); section 710-1023 (promoting prison contraband in the second degree); section 710-1024 (bail jumping in the first degree); section 710-1029 (hindering prosecution in the first degree); section 710-1060 (perjury); section 710-1072.5 (obstruction of justice); section 711-1103 (riot); section 711-1109.3 (cruelty to animals/fighting dogs); section 711-1110.9 (violation of privacy in the first degree); section 711-1112 (interference with the operator of a public transit vehicle); section 712-1221 (promoting gambling in the first degree); section 712-1222.5 (promoting gambling aboard ships); section 712-1224 (possession of gambling records in the first degree); section 712-1243 (promoting a dangerous drug in the third degree); section 712-1246 (promoting a harmful drug in the third degree); section 712-1247 (promoting a detrimental drug in the first degree); section 712-1249.6 (promoting a controlled substance in, on, or near schools or school vehicles); section 803-42 (interception, access, and disclosure of wire, oral, or electronic communications, use of pen register, trap and trace device, and mobile tracking device prohibited); or section 846E-9(b) (failure to comply with covered offender registration requirements).”

SECTION 9. Section 431:10A-131, Hawaii Revised Statutes, is repealed.

SECTION 10. Section 431:10C-307.7, Hawaii Revised Statutes, is repealed.

SECTION 11. Section 431:10C-307.8, Hawaii Revised Statutes, is repealed.

SECTION 12. Section 432:1-106, Hawaii Revised Statutes, is repealed.

SECTION 13. Section 432D-18.5, Hawaii Revised Statutes, is repealed.

SECTION 14. All rights, powers, functions, and duties of the insurance fraud investigations unit are transferred to the insurance fraud investigations branch.

All officers and employees whose functions are transferred by this Act shall be transferred with their functions and shall continue to perform their regular duties upon their transfer, subject to the state personnel laws and this Act.

Any employee who, prior to the effective date of this Act, was exempt from civil service and who may be transferred as a consequence of this Act, may continue to retain the employee's exempt status, but shall not be appointed to a civil service position because of this Act. No employee who is transferred as a

result of this Act shall suffer any loss of prior service credit, any vacation and sick leave credits previously earned, or other employee benefits or privileges as a consequence of this Act. The director of commerce and consumer affairs shall prescribe the duties and qualifications of such employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.

SECTION 15. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the insurance fraud investigations unit relating to the functions transferred to the insurance fraud investigations branch shall be transferred with the functions to which they relate.

SECTION 16. All rules, policies, procedures, guidelines, and other material adopted or developed by the department of commerce and consumer affairs to implement provisions of the Hawaii Revised Statutes which are reenacted or made applicable to the department of commerce and consumer affairs by this Act, shall remain in full force and effect until amended or repealed by the department of commerce and consumer affairs pursuant to chapter 91, Hawaii Revised Statutes. In the interim, every reference to the insurance fraud investigations unit or director of commerce and consumer affairs in those rules, policies, procedures, guidelines, and other material is amended to refer to the insurance fraud investigations branch or director of commerce and consumer affairs as appropriate.

SECTION 17. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.

SECTION 18. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 19. Statutory material to be repealed is bracketed and stricken.<sup>1</sup> New statutory material is underscored.

SECTION 20. This Act shall take effect on July 1, 2009.

(Approved June 24, 2009.)

**Note**

1. Edited pursuant to HRS §23G-16.5.