
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that insurers operating
2 in the State are mandated to submit rate change proposals to the
3 Hawaii insurance division for approval before implementation,
4 ensuring compliance with insurance laws and protecting
5 policyholders from rates that are excessive, inadequate, or
6 unfairly discriminatory. However, there is a lack of explicit
7 requirements for insurers to provide direct notice to individual
8 policyholders regarding rate changes, which can leave consumers
9 uninformed about adjustments that may affect their coverage and
10 financial planning.

11 To enhance consumer protection and transparency, the
12 legislature finds that it is essential to mandate that insurers
13 provide direct written notice to policyholders about rate
14 increases or significant policy changes, in addition to
15 notifying the insurance commissioner. This direct communication
16 ensures that policyholders are adequately informed and can make
17 timely decisions regarding their insurance needs. The



1 legislature also finds that several states have implemented
2 regulations requiring insurers to notify policyholders directly
3 of rate changes, like New Jersey, which requires insurers
4 proposing an average rate increase to send notices directly to
5 policyholders, and Washington, where insurers must provide
6 notice of premium changes at least twenty days before renewing a
7 policy with a ten per cent or greater increase. Implementing a
8 similar requirement in Hawaii would align with these best
9 practices, fostering transparency and accountability in the
10 insurance industry. By ensuring that policyholders receive
11 direct and timely notifications of rate changes, consumers are
12 empowered to make informed decisions, seek alternative coverage
13 if necessary, and better manage their financial planning.
14 Therefore, the legislature emphasizes the importance of direct
15 communication between insurers and policyholders, advocating for
16 mandatory direct written notices of rate changes to enhance
17 consumer protection and promote fairness in the insurance
18 market.

19 The purpose of this Act is to require insurers to notify
20 policyholders of rate changes at least thirty days before the
21 effective date of the rate change.



1 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new section to article 14, subpart I, to be
3 appropriately designated and to read as follows:

4 "§431:14- Rate changes; notification to policyholders.

5 (a) Beginning January 1, 2026, insurers shall notify affected
6 policyholders in writing of any rate changes approved by the
7 commissioner under section 431:14-104.

8 (b) The notification shall include:

9 (1) A clear statement of the new rate and its effective
10 date;

11 (2) The percentage increase or decrease in the rate
12 compared to the prior period;

13 (3) A brief explanation of the reasons for the rate
14 change, including relevant factors such as claims
15 experience, inflation, or other actuarial
16 considerations; and

17 (4) Information on how policyholders can contact the
18 insurer or the Hawaii insurance division regarding
19 questions or concerns about the rate change.

20 (c) The notification shall be sent at least thirty days
21 before the effective date of the rate change.



1 (d) Notification may be sent via mail to the last known
2 address of the policyholder or electronically if the
3 policyholder has consented to electronic communications.

4 (e) Failure to comply with this subsection shall result in
5 administrative penalties as prescribed under section 431:2-203,
6 including fines or corrective actions as determined by the
7 commissioner."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Insurance; Rate Changes; Notice

Description:

Beginning 1/1/2026, requires insurers to notify policyholders of rate changes at least 30 days before the effective date of the rate change. Effective 7/1/2050. (SD1)

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