

JAN 17 2025

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 Hawaii 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 notice
6 of premium changes at least twenty days before renewing a policy
7 with a ten per cent or greater increase. Implementing a similar
8 requirement in Hawaii would align with these best practices,
9 fostering transparency and accountability in the insurance
10 industry. By ensuring that policyholders receive direct and
11 timely notifications of rate changes, consumers are empowered to
12 make informed decisions, seek alternative coverage if necessary,
13 and better manage their financial planning. Therefore, the
14 legislature emphasizes the importance of direct communication
15 between insurers and policyholders, advocating for mandatory
16 direct written notices of rate changes to enhance consumer
17 protection and promote fairness in the insurance market.

18 The purpose of this Act is to require insurers to notify
19 policyholders of rate changes within thirty days after approval
20 by the insurance commissioner of a rate change and not less than
21 thirty days before the effective date of the rate change.



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

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

(a) Insurers shall notify affected policyholders in writing of any rate changes approved by the commissioner under section 431:14-104.

(b) The notification shall include:

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

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

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

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

(c) The notification shall be sent no later than thirty days after the rate filing is approved by the commissioner and



1 at least thirty days before the effective date of the rate
2 change.

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

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

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on January 1, 2026.

12
INTRODUCED BY: 



S.B. NO. 1137

Report Title:

Insurance; Rate Changes

Description:

Requires insurers to notify policyholders of rate changes within 30 days of approval by the Insurance Commissioner and not less than 30 days before the effective date of the rate change.

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

