
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

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

1 SECTION 1. The legislature finds there is a need for
2 greater oversight in the enforcement of the workers'
3 compensation chapter. Currently, self-insured employers or
4 insurance carriers are subject to penalties for default in
5 payment. However, some compensation claims go unpaid for long
6 periods of time before the default is noticed and enforced. The
7 minor penalty does nothing to discourage bad practices from
8 employers and insurance carriers that repeatedly escape
9 repercussions. Therefore, the purpose of this Act is to require
10 an audit of all active workers' compensation claims when an
11 employer or insurance carrier defaults in payment to identify
12 other potentially unpaid compensation claims.

13 SECTION 2. Section 386-92, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§386-92 Default in payments of compensation, penalty,**
16 **audit.** (a) If any compensation payable under the terms of a
17 final decision or judgment is not paid by a self-insured



1 employer or an insurance carrier within thirty-one days after it
2 becomes due, as provided by the final decision or judgment, or
3 if any temporary total disability benefits are not paid by the
4 employer or carrier within ten days, exclusive of Saturdays,
5 Sundays, and holidays, after the employer or carrier has been
6 notified of the disability, and where the right to benefits are
7 not controverted in the employer's initial report of industrial
8 injury or where temporary total disability benefits are
9 terminated in violation of section 386-31, there shall be added
10 to the unpaid compensation an amount equal to twenty per cent
11 thereof payable at the same time as, but in addition to, the
12 compensation, unless the nonpayment is excused by the director
13 after a showing by the employer or insurance carrier that the
14 payment of the compensation could not be made on the date
15 prescribed therefor owing to the conditions over which the
16 employer or carrier had no control.

17 (b) If a self-insured employer or an insurance carrier
18 defaults in payment and becomes subject to the penalty in
19 subsection (a), the director shall audit the self-insured
20 employer or insurance carrier regarding all active claims under



1 this chapter to identify any other instances of unpaid
2 compensation."

3 SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY: *Janna M. Schmitz*
JAN 23 2026



H.B. NO. 2042

Report Title:

Workers' Compensation; Default; Penalties; Audit

Description:

Requires an audit for a self-insured employer or an insurance carrier that defaults in workers' compensation payments to identify other instances of unpaid compensation claims.

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