

JAN 23 2026

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# A BILL FOR AN ACT

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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 part to article 10E, be appropriately designated and to read as follows:

**"PART . OMBUDSMAN'S OFFICE FOR HOMEOWNERS INSURANCE**

**§431:10E-A Definitions.** As used in this part:

"Complaints and enforcement officer" means the complaints and enforcement officer established pursuant to section 431:10E-C.

"Intake specialist" means the intake specialist established pursuant to section 431:10E-C.

"Ombudsman's office" means the ombudsman's office for homeowners insurance established pursuant to section 431:10E-B.

**§431:10E-B Ombudsman's office for homeowners insurance established; ombudsman; criteria for ombudsman.** (a) There is established within the department of commerce and consumer affairs insurance division an ombudsman's office for homeowners insurance. The ombudsman's office for homeowners insurance



1 shall be headed by the ombudsman, who shall be appointed by the  
2 director of commerce and consumer affairs with the approval of  
3 the governor. The ombudsman shall report to the insurance  
4 commissioner.

5 (b) The ombudsman shall have been admitted to practice law  
6 before the Hawaii supreme court and shall have extensive  
7 experience in Hawaii property and casualty insurance, and  
8 conflict and alternative dispute resolution. The ombudsman  
9 shall not:

10 (1) Engage or have been engaged within the past two years  
11 in any other business or profession that directly or  
12 indirectly relates to or conflicts with the work of  
13 the ombudsman's office;

14 (2) Serve as the representative, executive, officer, or  
15 employee of any political party, executive committee,  
16 or other governing body of a political party;

17 (3) Receive remuneration for activities on behalf of any  
18 candidate for public office;

19 (4) Engage in soliciting votes or other activities on  
20 behalf of a candidate for public office; or



(5) Become a candidate for election to public office unless the ombudsman first resigns from the ombudsman's office.

The ombudsman shall be exempt from chapter 76.

**§431:10E-C Personnel; salary; benefits.** (a) The

ombudsman shall employ professional and clerical staff as necessary for the efficient operation of the office. The ombudsman may appoint persons who have been admitted to practice law before the Hawaii supreme court as staff without regard to chapter 76. All other employees shall be appointed by the ombudsman in accordance with chapter 76.

(b) The ombudsman shall appoint complaints and enforcement officers who have been admitted to practice law before the Hawaii supreme court and have extensive experience in Hawaii property and casualty insurance, and conflict and alternative dispute resolution. The complaints and enforcement officers shall be exempt from chapter 76.

(c) The ombudsman's office shall integrate the existing insurance specialist positions in the department of commerce and consumer affairs relating to property and casualty insurance



1 into the ombudsman's office as intake specialists for complaints  
2 submitted to the ombudsman's office.

3 (d) The salary of the ombudsman shall be determined by the  
4 director of commerce and consumer affairs. The ombudsman,  
5 complaints and enforcement officers, intake specialists, and  
6 other personnel shall be included in any benefits program  
7 generally applicable to officers and employees of the State.

8 **§431:10E-D Ombudsman; powers and duties; immunity from**  
9 **liability.** (a) The ombudsman shall:

10 (1) Have the power to establish rules and procedures for  
11 the operation of the office that shall include  
12 receiving and processing complaints and requests for  
13 dispute intervention; conducting investigations;  
14 enforcement, including fines and penalties; and  
15 reporting the findings of the office; provided that  
16 the ombudsman shall levy nominal filing fees not to  
17 exceed \$100 to deter frivolous submissions or  
18 investigations of complaints or requests for dispute  
19 intervention;

20 (2) In conjunction with the department of commerce and  
21 consumer affairs, educate the public and entities



required to be registered or certified under this  
chapter;

(3) Have access to and use of all files and records of the  
department of commerce and consumer affairs;

(4) Act as a neutral resource on the rights and  
responsibilities of insurers, insurance businesses,  
homeowners insurance policyholders, and any affected  
parties;

(5) Act as a liaison between insurers, insurance  
businesses, homeowners insurance policyholders, and  
any affected parties; and encourage and facilitate  
voluntary meetings with and between these entities  
when meetings may assist in resolving a dispute prior  
to any party submitting a formal request for dispute  
intervention;

(6) Respond to general inquiries, make recommendations, or  
give guidance as necessary to insurers, insurance  
businesses, homeowners insurance policyholders, and  
any affected parties;

(7) Make available, either separately or through an  
existing website, or both, information concerning



insurance and any additional information the ombudsman  
may deem appropriate and non-confidential;

(8) Coordinate and assist in the preparation and adoption  
of educational and reference material and endeavor to  
make known to the largest possible audience the  
availability of these resources;

(9) Receive written requests for dispute intervention;

(10) Investigate and assist in resolving disputes brought  
by insurers, insurance businesses, homeowners  
insurance policyholders, and any affected parties,  
pursuant to section 431:10E-E;

(11) Investigate acts that may be:

(A) Contrary to law;

(B) Unreasonable, unfair, or discriminatory as  
administered or under the circumstances;

(C) Based on a mistake of fact;

(D) Based on improper or irrelevant grounds;

(E) Unaccompanied by an adequate statement of  
reasons; or

(F) Otherwise erroneous;



(12) Subject to the privileges that witnesses have in the courts of the State, have the authority to:

(A) Compel at a specified time and place, by a subpoena, the appearance and sworn testimony of any person whom the ombudsman reasonably believes may have information relating to a matter under investigation; and

(B) Compel any person to produce documents, records, and information the ombudsman reasonably believes may relate to a matter under investigation;

(13) Be authorized to bring suit in an appropriate state court to enforce the powers in paragraph (12);

(14) Provide advisory opinions upon request from insurers, insurance businesses, homeowners insurance policyholders, and any affected parties;

(15) Provide recommendations to the director of commerce and consumer affairs if the ombudsman finds that:

(A) The matter should be further considered by the department of commerce and consumer affairs;

(B) A statute or rule should be amended or repealed;

or



(C) Other action should be taken by the department of commerce and consumer affairs;

(16) Within a reasonable time after providing recommendations to the director of commerce and consumer affairs pursuant to paragraph (15), the ombudsman may submit a report to the governor or the legislature or publish the report, including any reply by the department of commerce and consumer affairs, and notify the complainant of the actions taken by the ombudsman and the department;

(17) Maintain publicly available data on inquiries and complaints received, types of assistance requested, notices of final decisions and actions taken, and disposition of matters;

(18) Monitor changes in federal and state laws relating to insurance;

(19) Provide to the governor and the public an annual report that includes the number and types of requests for dispute intervention submitted to the ombudsman's office and their disposition, and any suggestions for policy or legislation the ombudsman's office deems





1           necessary to more quickly and efficiently resolve  
2           disputes; and

3           (20) Adopt rules pursuant to chapter 91 necessary to carry  
4           out the purposes of this part.

5           (b) No proceeding or decision of the ombudsman may be  
6 reviewed by any court unless the proceeding or decision  
7 contravenes this chapter. The ombudsman shall have the same  
8 immunities from civil and criminal liability as a judge of the  
9 State. The ombudsman and the staff of the ombudsman's office  
10 shall not testify in any court concerning matters coming to  
11 their attention in the exercise of their official duties except  
12 as may be necessary to enforce this part.

13           **§431:10E-E Request for dispute intervention.** (a) Except  
14 as otherwise provided in this section, insurers, insurance  
15 businesses, homeowners insurance policyholders, and any affected  
16 parties, who are party to an insurance-related dispute, may  
17 submit to the ombudsman's office a written request for dispute  
18 intervention setting forth the facts forming the basis of the  
19 dispute. The request shall specify in reasonable detail:

20           (1) The nature of the dispute;



(2) Any alleged violations of this article, or any other law or regulation;

(3) Any alleged damages that resulted from the dispute; and

(4) Any proposed corrective action to resolve the dispute.

(b) A dispute intervention request submitted to the ombudsman's office pursuant to this section shall be on a form prescribed by the ombudsman's office and accompanied by evidence that reasonable efforts to resolve the dispute have failed.

(c) The ombudsman may impose a minimum fine of \$250 against any person who knowingly submits a false or fraudulent dispute intervention request with the ombudsman's office.

(d) Legal representation shall not be required for dispute intervention by the ombudsman's office. A party to a dispute shall not be liable for any legal fees incurred as a result of a dispute intervention request submitted to the ombudsman's office.

**§431:10E-F Enforcement by complaints and enforcement**

**officers; dispute resolution assistance.** (a) Upon receipt of a dispute intervention request pursuant to section 431:10E-E, the



1 complaints and enforcement officer shall open an investigation  
2 into the dispute.

3 (b) The complaints and enforcement officer may interview  
4 parties and witnesses involved in the dispute and request the  
5 production of documents, records, or other evidence that would  
6 be reasonably helpful in resolving the dispute. Participation  
7 by all parties to the dispute shall be mandatory. A party who  
8 refuses to participate shall be subject to penalties and fines  
9 to be predetermined and published by the ombudsman.

10 (c) The complaints and enforcement officer shall make  
11 recommendations, give guidance, or issue an advisory opinion or  
12 decision as the complaints and enforcement officer deems  
13 necessary.

14 (d) The complaints and enforcement officer may impose a  
15 fine in the amount of not less than \$250 against any person who  
16 knowingly submits false or fraudulent information to the  
17 ombudsman's office, willingly hinders the lawful actions of the  
18 ombudsman or the staff of the ombudsman's office, or willingly  
19 refuses to comply with the lawful demands of the ombudsman or  
20 the staff of the ombudsman's office.



1 (e) If the parties are unable to reach an agreement under  
2 this section or if a party does not agree with the decision of  
3 the complaints and enforcement officer, a party may request a  
4 contested case hearing with the ombudsman's office that shall be  
5 presided over by the ombudsman. Participation in a contested  
6 case hearing by all parties to the dispute shall be mandatory.

7 (f) Any party who wishes to request a contested case  
8 hearing shall submit a written request with the ombudsman's  
9 office within thirty days after receipt of a copy of the  
10 complaints and enforcement officer's decision.

11 **§431:10E-G Contested case hearing.** (a) A contested case  
12 hearing shall be conducted by the ombudsman pursuant to chapter  
13 91 and any rules adopted by the ombudsman's office; provided  
14 that if there is no dispute as to the facts involved in a  
15 particular matter, the ombudsman may permit the parties to  
16 proceed by memoranda of law in lieu of a hearing, unless the  
17 procedure would unduly burden any party or would otherwise not  
18 serve the ends of justice.

19 (b) The ombudsman shall not be bound by the rules of  
20 evidence when conducting a hearing to determine whether a



1 violation of this part has occurred. The standard of proof  
2 required shall be a preponderance of the evidence.

3 (c) A record shall be made of the proceeding.

4 (d) All parties shall be afforded a full opportunity to  
5 engage in discovery and present evidence and argument on the  
6 issues involved.

7 (e) If a hearing is held or a review by memoranda of law  
8 is conducted, a decision shall be rendered by the ombudsman's  
9 office and promptly delivered to each party by certified mail.  
10 Any party adversely affected by the decision may submit written  
11 exceptions to the ombudsman's office within fifteen days after  
12 receipt of the decision.

13 (f) As expeditiously as possible after the close of the  
14 hearing but not before any party adversely affected has had the  
15 opportunity to submit a written exception, the ombudsman shall  
16 issue a decision together with separate findings of fact and  
17 conclusions of law regarding whether a violation of this part  
18 has occurred. Any final decision made by the ombudsman shall be  
19 binding on all parties.



1           **§431:10E-H Fines; fees.** Any fine or fee collected  
2 pursuant to this part shall be deposited into the ombudsman's  
3 office for homeowners insurance special fund.

4           **§431:10E-I Ombudsman's office for homeowners insurance**  
5 **special fund.** (a) There is established in the state treasury  
6 an ombudsman's office for homeowners insurance special fund into  
7 which shall be deposited the following moneys:

8           (1) Administrative penalties, fines, and other charges  
9 collected under this part or any rule adopted pursuant  
10 to this part; and

11           (b) All interest earned or accrued on moneys deposited  
12 into the ombudsman's office for homeowners insurance special  
13 fund shall become a part of the fund.

14           (c) The ombudsman's office shall adopt rules in accordance  
15 with chapter 91 for the purposes of this section."

16           SECTION 2. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$           or so  
18 much thereof as may be necessary for fiscal year 2026-2027 for  
19 the administrative costs associated with the establishment of  
20 the ombudsman's office for homeowners insurance within the



1 department of commerce and consumer affairs, including the  
2 hiring of necessary staff.

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

5 SECTION 3. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$ or so  
7 much thereof as may be necessary for fiscal year 2026-2027 to be  
8 deposited into the ombudsman's office for homeowners insurance  
9 special fund.

10 SECTION 4. There is appropriated out of the ombudsman's  
11 office for homeowners insurance special fund the sum of  
12 \$ or so much thereof as may be necessary for fiscal  
13 year 2026-2027 for purposes consistent with the special fund.

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

16 SECTION 5. In codifying the new sections added by section  
17 1 of this Act, the revisor of statutes shall substitute  
18 appropriate section numbers for the letters used in designating  
19 the new sections in this Act.



1 SECTION 6. This Act shall take effect on July 1, 2026.

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INTRODUCED BY:

A handwritten signature in black ink, consisting of a large, stylized 'S' or 'C' shape followed by a horizontal line.



# S.B. NO. 2949

**Report Title:**

DCCA; Insurance; Ombudsman's Office for Homeowners Insurance;  
Dispute Intervention; Complaints and Enforcement Officers;  
Intake Specialists; Special Fund; Appropriation

**Description:**

Establishes the Ombudsman's Office for Homeowners Insurance  
within the Department of Commerce and Consumer Affairs.  
Establishes the Ombudsman's Office for Homeowners Insurance  
Special Fund. Appropriates funds.

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