



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII**

**OFFICE OF THE DIRECTOR**

**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Thursday, January 29, 2026  
9:31 a.m.**

**State Capitol, Conference Room 229 and via videoconference**

**On the following measure:  
S.B. 2043, RELATING TO INSURANCE**

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to allow captive insurance companies that are not risk retention captive insurance companies to apply to the Insurance Commissioner for certificates of exemption from examination after meeting certain requirements.

This bill would amend Hawaii Revised Statutes (HRS) section 431:19-108 by creating provisions to exempt captive insurance companies from certain examination requirements. The Department has concerns that the bill will dilute the regulatory standards of Hawaii's captive insurance laws and may contribute to a negative perception of the state's regulatory standards. Hawaii benefits from attracting captive insurance companies that value strong regulatory oversight as opposed to captive insurance companies seeking less robust standards.

Testimony of DCCA

S.B. 2043

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An examination of a captive insurance company allows the Insurance Division to assess that company's internal controls, financial condition, ability to fulfill insurance obligations, and compliance with insurance laws.

Thank you for the opportunity to testify on this bill.



COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

Thursday, January 29, 2026, 09:31 a.m.  
Conference Room 229 & Videoconference  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

**TESTIMONY OF PAUL SHIMOMOTO  
PRESIDENT, HAWAII CAPTIVE INSURANCE COUNCIL  
IN STRONG SUPPORT OF S.B. 2043**

**RELATING TO INSURANCE – CAPTIVE INSURANCE COMPANIES;  
CERTIFICATE OF EXEMPTION FROM EXAMINATION**

Aloha, Chair, Vice Chair, and Members of the Committee:

My name is Paul Shimomoto, and I submit this testimony in **strong support of Senate Bill 2043**, on behalf of the Hawaii Captive Insurance Council (“HCIC”), the nonprofit trade association representing Hawaii’s captive insurance industry.

HCIC appreciates the Legislature’s continued commitment to maintaining robust regulatory oversight of captive insurance companies while also ensuring that Hawaii’s regulatory framework remains efficient, risk-based, and aligned with modern supervisory practices.

**Purpose and Effect of S.B. 2043**

S.B. 2043 amends section 431:19-108, Hawaii Revised Statutes, to allow captive insurance companies that are not risk retention group captive insurance companies to apply to the Insurance Commissioner for a certificate of exemption from routine examination, provided that strict statutory conditions are met. Most importantly, this bill’s language is the result of direct cooperation between the HCIC and the Hawaii Insurance Division.

Specifically, the bill:

- Preserves the Commissioner’s full discretionary authority to examine any captive at any time,
- Requires an applicant captive to first complete at least one satisfactory regulatory examination,
- Conditions eligibility on timely and ongoing compliance with all reporting obligations, and
- Limits any exemption to a defined term of no more than five years, with clear standards for renewal or revocation.

## **Why This Legislation Is Prudent and Appropriate**

### **1. Risk-Based, Not Reduced, Oversight**

S.B. 2043 does not eliminate examinations, nor does it weaken regulatory authority. Instead, it adopts a risk-based supervisory approach that allows the Commissioner to allocate examination resources more efficiently, focusing on captives that present higher risk profiles while reducing unnecessary duplication for well-run, consistently compliant entities.

### **2. Preservation of Commissioner Authority**

At all times, the Commissioner retains the power to:

- Conduct an examination whenever deemed necessary,
- Revoke an exemption for good cause, and
- Require a full examination before any subsequent exemption is granted.

In short, this bill provides flexibility without sacrificing control.

### **3. Efficient Use of Regulatory and Industry Resources**

Routine examinations are time- and resource-intensive for both regulators and captives. Allowing exemptions where appropriate:

- Reduces unnecessary costs borne by captive owners,
- Frees regulatory resources for higher-priority supervision, and
- Encourages continued investment and growth in Hawaii's captive sector.

### **4. Encouraging Gold-Standard Performance and Responsible Self-Regulation**

S.B. 2043 also serves an important policy objective by encouraging high-performing captive insurance companies to maintain gold-standard governance, compliance, and transparency. By conditioning any examination exemption on a proven track record of satisfactory examinations, timely filings, and ongoing attestations by both company officers and captive managers, the bill incentivizes disciplined self-regulation rather than passive compliance. Captives that wish to qualify for an exemption must demonstrate sustained excellence, not merely meet minimum requirements. In this way, S.B. 2043 reinforces a culture of accountability and continuous compliance, while preserving the Insurance Commissioner's full authority to intervene whenever warranted.

## **Conclusion**

S.B. 2043 reflects thoughtful, balanced modernization of Hawaii's captive insurance statute. It strengthens the regulatory framework by promoting risk-focused oversight, preserves the Insurance Commissioner's authority, and enhances Hawaii's competitiveness as a premier captive domicile.

For these reasons, the Hawaii Captive Insurance Council respectfully urges your support of S.B. 2043.

Thank you for the opportunity to submit testimony.

HAWAII CAPTIVE INSURANCE COUNCIL

By: *Paul Shimomoto*  
Paul Shimomoto, President



**TESTIMONY ON PROPOSED AMENDMENTS TO  
CHAPTER 431, HAWAII REVISED STATUTES  
RELATING TO INSURANCE (S.B. NO. 2043)**

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair

Thursday, January 29, 2026, 09:31 a.m.  
Conference Room 229 & Videoconference  
State Capitol  
415 South Beretania Street  
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**TESTIMONY IN STRONG SUPPORT OF S.B. 2043**

To Senator Jarrett Keohokalole – Chair; Senator Carol Fukunaga – Vice Chair; and members of the Committee on Commerce and Consumer Protection:

My name is Matthew Takamine, and I submit this testimony as the leader of Brown & Brown's global captive practice and the head of our Hawaii office. Brown & Brown is one of the world's leading captive insurance managers and consultants, managing companies with over \$22 billion in assets and writing \$10 billion in insurance premiums. Brown & Brown has maintained an office in Hawaii since 1991. We manage captives and advise companies on captive jurisdictions throughout North America, Europe, and Asia.

I also submit this testimony as a director of the Hawaii Captive Insurance Council ("HCIC"). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii. We do this in partnership with the State of Hawaii Insurance Division ("Division") on a local, national, and international level.

In my role as leader of our global captive practice, we regularly advise companies with respect to where they should domicile their captives. These recommendations are based on thorough domicile analyses which include a number of factors such as quality and consistency of regulation, quality of service providers, travel considerations, and the costs of doing business. Today, we actively manage captives in approximately 25 jurisdictions across North America, including the State of Hawaii.

**Background & Overview of the Captive Industry's Competitive Landscape**

Today, Hawaii is home to 269 actively operating and licensed captive insurance companies. Their parent companies are headquartered all over the US, in Japan and Europe. A large portion of them are traded on major stock exchanges globally and are regularly included in Forbes' Global 100 and 500 lists. Hawaii is also currently the domicile of choice for 45 Japanese-owned captive insurance companies, making it the world's leader.

As of the end of 2024, Hawaii was ranked the fifth largest captive domicile (in terms of number of active licenses) in the US, and the eighth largest domicile worldwide. **Unfortunately, Hawaii has seen declines in the number of active captives over the last year amid a period of significant growth in the industry.**

For example, Vermont, arguably Hawaii's leading competitor, licensed 51 new captives in 2025. Captive industry data has not yet been published for 2025, but I believe Hawaii has fallen in the rankings amid otherwise rapid growth throughout the captive industry. While size is just one measure of a captive domicile and is not necessarily indicative of quality, I believe Hawaii has also fallen behind in our stature as a world-leading jurisdiction.

The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and insurance management sectors to name a few, and it contributes approximately \$140 million to Hawaii's economy annually.

Hawaii's prominence within the global captive insurance industry is, however, not without competition. In the US, there are approximately 40 other states that are active captive insurance domiciles. This means that prospective captive owners – as well as current captive owners – have choices as to where they domicile and operate their captive insurance companies. Although Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of "doing business" in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here.

### **Importance of S.B. 2043**

S.B. 2043 introduces a risk-based examination framework that allows qualifying captive insurance companies to apply for a certificate of exemption from routine examination, subject to strict statutory conditions and the continued discretion of the Insurance Commissioner.

Importantly, the bill requires at least one completed examination to the Commissioner's satisfaction, conditions eligibility on timely and ongoing compliance with reporting obligations, and preserves the Commissioner's authority to examine any captive at any time and to revoke an exemption for good cause.

By encouraging gold-standard compliance and responsible self-regulation, S.B. 2043 rewards strong governance while allowing regulatory resources to be focused where they are most needed.

### **For the foregoing reasons, we strongly support S.B. 2043.**

Thank you for the opportunity to submit this testimony.

Very Truly Yours,



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Matthew D. R. Takamine, CPA  
Executive Managing Director, Captive Practice Leader  
Brown & Brown

Director  
Hawaii Captive Insurance Council

**LATE**

TESTIMONY IN SUPPORT OF S.B. 2043  
RELATING TO INSURANCE – CAPTIVE INSURANCE EXAMINATIONS

Chair, Vice Chair, and Members of the Committee:

My name is Sotaro Misawa, and I submit this testimony in support of S.B. 2043.

I am President at Alakai Global Inc., and I am involved in the captive insurance industry as a Captive Insurance Manager.

S.B. 2043 introduces a risk-based examination framework that allows qualifying captive insurance companies to apply for a certificate of exemption from routine examination, subject to strict statutory conditions and the continued discretion of the Insurance Commissioner.

Importantly, the bill requires at least one completed examination to the Commissioner's satisfaction, conditions eligibility on timely and ongoing compliance with reporting obligations, and preserves the Commissioner's authority to examine any captive at any time and to revoke an exemption for good cause.

By encouraging gold-standard compliance and responsible self-regulation, S.B. 2043 rewards strong governance while allowing regulatory resources to be focused where they are most needed.

For these reasons, I respectfully urge the Committee to support and pass S.B. 2043.

Respectfully submitted,



Sotaro Misawa

President

Alakai Global Inc.

**LATE**

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair

Thursday, January 29, 2026, 09:31 a.m.  
Conference Room 229 & Videoconference  
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**TESTIMONY IN SUPPORT OF SENATE BILL 2043**

**RELATING TO INSURANCE –CAPTIVE INSURANCE COMPANIES; CERTIFICATE  
OF EXEMPTION FROM EXAMINATION**

Chair, Vice Chair, and Members of the Committee:

My name is Christina Kamaka, Secretary of the Hawaii Captive Insurance Council (“HCIC”). The HCIC is a nonprofit corporation whose mission is to promote, develop, and maintain a strong, stable and reputable captive insurance industry in the State of Hawaii. As a member of the Hawaii Captive Insurance Council (“HCIC”) and Vice President of Aon Insurance Managers (USA) Inc., we thank you for the opportunity to provide this written testimony. Aon provides consulting and captive management services for 47 of Hawaii captive insurance companies.

Today, Hawaii is home to 269 actively operating and licensed captive insurance companies. Their parent companies are headquartered all over the US, in Japan and Europe. A large portion of them are traded on major stock exchanges globally and are regularly included in Forbes’ Global 100 and 500 lists. As of the end of 2024, Hawaii was ranked the eighth largest captive domicile (in terms of number of active licenses) in the US, and the eighth largest domicile worldwide. Hawaii is also currently the domicile of choice for 44 Japanese-owned captive insurance companies, making it the world’s leader. On a combined basis as of December 31, 2024, these 260+ captive insurance companies wrote approximately \$18.4 billion of gross written premium and had invested assets in Hawaii financial institutions that totaled nearly \$2.5 billion.

The captive industry that represents and supports the State of Hawaii as a captive domicile has been, and continues to be, a shining example of real, economic diversification. This industry provides local, professional job opportunities in the legal, accounting, banking and finance, and insurance management sectors to name a few, and directly contributes nearly \$46 million to Hawaii’s economy annually.

This year, the Hawaii Insurance Division will celebrate its 40<sup>th</sup> year anniversary since legislation was enacted allowing companies to form and license their captive in our state. Hawaii’s prominence within the global captive insurance industry is, however, not without competition. In the US, there are approximately 40 other states that are active captive insurance domiciles. This means that prospective captive owners – as well as current captive owners – have choices as to

where they domicile and operate their captive insurance companies. Although Hawaii is an established and well-respected captive domicile, it nevertheless has some inherent challenges given its location and certain perceptions of “doing business” in Hawaii. Thus, it is critically important that our legal and regulatory framework is structured and operates in a manner that incentivizes prospective captive owners to choose Hawaii in the first place and continually reaffirms the value proposition for existing captive owners already domiciled here.

S.B. 2043 introduces a risk-based examination framework that allows qualifying captive insurance companies to apply for a certificate of exemption from routine examination, subject to strict statutory conditions and the continued discretion of the Insurance Commissioner.

Importantly, the bill requires at least one completed examination to the Commissioner’s satisfaction, conditions eligibility on timely and ongoing compliance with reporting obligations, and preserves the Commissioner’s authority to examine any captive at any time and to revoke an exemption for good cause.

By encouraging gold-standard compliance and responsible self-regulation, S.B. 2043 rewards strong governance while allowing regulatory resources to be focused where they are most needed.

For these reasons, I respectfully urge the Committee to support and pass S.B. 2043.

Respectfully submitted,

Christina Kamaka  
Vice President  
Aon Insurance Managers (USA) Inc.