
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new section to article 10, part II, to be
3 appropriately designated and to read as follows:

4 "§431:10- Explanation of premium increase. Insurers
5 shall reasonably explain changes in premium upon written request
6 by the policyholder for any premium increase at renewal."

7 SECTION 2. Section 431:9-235, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§431:9-235 [Denial, suspension, revocation of licenses.]
10 Disciplinary licensing actions. (a) The commissioner may deny,
11 place on probation, suspend, revoke, or refuse to [~~extend~~] issue
12 or renew any license issued under this article and may levy a
13 civil penalty in accordance with section 431:9-238 for any cause
14 specified in any other provision of this article, or for any of
15 the following causes:



- 1 ~~[(1) For any cause for which issuance of the license could~~
- 2 ~~have been refused had it then existed and been known~~
- 3 ~~to the commissioner;~~
- 4 ~~(2) If the licensee wilfully violates or knowingly~~
- 5 ~~participates in the violation of any provision of this~~
- 6 ~~code;~~
- 7 ~~(3) If the licensee has obtained or attempted to obtain~~
- 8 ~~any license issued under this article through wilful~~
- 9 ~~misrepresentation or fraud, or has failed to pass any~~
- 10 ~~examination required by section 431:9-206;~~
- 11 ~~(4) If the licensee has misappropriated, converted to the~~
- 12 ~~licensee's own use, or illegally withheld moneys~~
- 13 ~~required to be held in a fiduciary capacity;~~
- 14 ~~(5) If the licensee, with intent to deceive, has~~
- 15 ~~materially misrepresented the terms or effect of any~~
- 16 ~~insurance contract; or has engaged or is about to~~
- 17 ~~engage in any fraudulent transaction;~~
- 18 ~~(6) If the licensee has been found to have committed any~~
- 19 ~~unfair practice or fraud as defined in article 13;]~~



- 1 (1) Providing incorrect, misleading, incomplete, or
- 2 materially untrue information in the license
- 3 application;
- 4 (2) Violating any law, or violating any rule, subpoena, or
- 5 order of the commissioner or of another state's
- 6 commissioner;
- 7 (3) Obtaining or attempting to obtain a license through
- 8 misrepresentation or fraud;
- 9 (4) Improperly withholding, misappropriating, or
- 10 converting any moneys or properties received in the
- 11 course of doing business;
- 12 (5) Intentionally misrepresenting the terms of an actual
- 13 insurance contract;
- 14 (6) Having been convicted of a felony;
- 15 (7) Having admitted to or be found to have committed any
- 16 insurance unfair trade practice or fraud;
- 17 (8) Using fraudulent, coercive, or dishonest practice or
- 18 demonstrating incompetence, untrustworthiness, or
- 19 financial irresponsibility in the conduct of business
- 20 in this State or elsewhere;



- 1 (9) Having an adjuster or independent bill reviewer
2 license or its equivalent denied, placed on probation,
3 suspended, or revoked in any other state, province,
4 district, or territory;
- 5 (10) Forging another's name on an application or on any
6 document related to a transaction;
- 7 (11) Improperly using notes or any other reference material
8 while taking an examination for an insurance license;
- 9 (12) Accepting insurance business from a person who is not
10 licensed;
- 11 (13) Failing to comply with an administrative or court
12 order imposing a child support obligation;
- 13 (14) Failing to pay federal or state income taxes or
14 failing to comply with any administrative or court
15 order directing payment of federal or state income
16 taxes;
- 17 (15) For any cause for which issuance of the license could
18 have been refused had it then existed and been known
19 to the commissioner;



1 ~~[(7)]~~ (16) If in the conduct of the licensee's affairs
2 under the license, the licensee has shown oneself to
3 be a source of injury and loss to the public; or

4 ~~[(8)]~~ (17) If the licensee has dealt with, or attempted to
5 deal with, insurance or to exercise powers relative to
6 insurance outside the scope of the licensee's
7 licenses.

8 (b) ~~[The license of any partnership or corporation may be
9 suspended, revoked, or refused for any of the causes that relate
10 to any individual designated in the license to exercise its
11 powers.]~~ The commissioner may act pursuant to subsection (a) by
12 an order; provided that before issuing the order, the
13 commissioner shall notify the applicant or licensee in writing
14 of the commissioner's intent to act under subsection (a). The
15 applicant or licensee may make written application to the
16 commissioner for a hearing before the commissioner to determine
17 the reasonableness of the commissioner's action within ten days
18 of the date of receipt of the notice. The hearing shall be held
19 within thirty days of receipt of the written application and
20 shall be held pursuant to chapter 91. If no written application
21 for a hearing is made to the commissioner within ten days of



1 receipt of the notice, the commissioner may proceed with issuing
2 the order and, unless otherwise provided by law, the
3 commissioner shall without further review or hearing renew,
4 reinstate, or grant the license only upon receipt of an
5 authorization from the administering agency.

6 (c) The holder of any license, which has been revoked or
7 suspended, shall surrender the license certificate to the
8 commissioner at the commissioner's request.

9 ~~[(d) The commissioner may suspend, revoke, or refuse to~~
10 ~~extend any license for any cause specified in this article by an~~
11 ~~order:~~

12 ~~(1) Given to the licensee at least fifteen days prior to~~
13 ~~the order's effective date, subject to the right of~~
14 ~~the licensee to have a hearing as provided in section~~
15 ~~431:2-308. The license shall be suspended pending the~~
16 ~~hearing; or~~

17 ~~(2) Made after a hearing as provided in section 431:2-308.~~
18 ~~The effective date of the order shall be ten days~~
19 ~~after the date the order is given to the licensee.~~
20 ~~The order may be appealed to the circuit court of the~~



1 ~~first judicial circuit of this State as provided in~~
2 ~~chapter 91.]~~

3 (d) The commissioner shall retain the authority to enforce
4 the provisions of, and impose any penalty or remedy authorized
5 by, this chapter or chapter 432 or 432D, against any person who
6 is under investigation for or charged with a violation of this
7 chapter or chapter 432 or 432D, even if that person's license or
8 registration has been surrendered or has lapsed by operation of
9 law."

10 SECTION 3. Section 431:9-238, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) In addition to or in lieu of [~~suspension, revocation,~~
13 ~~or refusal to extend any license, after a hearing,~~] an action by
14 the commissioner under section 431:9-235, the commissioner may
15 levy a fine upon the applicant or licensee in an amount [~~not~~] of
16 no less than \$100 and [~~not~~] no more than \$10,000."

17 SECTION 4. Section 431:9A-112, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) [~~If the commissioner takes action]~~ The commissioner
20 may act pursuant to subsection (a) [~~r~~] by an order; provided that
21 before issuing the order, the commissioner shall notify the



1 applicant or licensee in writing of the [~~reason for that~~
2 ~~action.~~] commissioner's intent to act under subsection (a). The
3 applicant or licensee may make written [~~demand upon~~] application
4 to the commissioner for a hearing before the commissioner to
5 determine the reasonableness of the commissioner's action within
6 ten days of the date of receipt of the notice [~~for a hearing~~
7 ~~before the commissioner to determine the reasonableness of the~~
8 ~~commissioner's action~~]. The hearing shall be held within thirty
9 days of receipt of the written [~~demand~~] application and shall be
10 held pursuant to chapter 91[~~, and following that action,~~]. If
11 no written application for a hearing is made to the commissioner
12 within ten days of receipt of the notice, the commissioner may
13 proceed with issuing the order and, unless otherwise provided by
14 law, the commissioner shall without further review or hearing
15 renew, reinstate, or grant the license only upon receipt of an
16 authorization from the administering entity."

17 SECTION 5. Section 431:10-226.5, Hawaii Revised Statutes,
18 is amended to read as follows:

19 "**§431:10-226.5 Notice of cancellation or nonrenewal;**
20 **notice of cancellation or nonrenewal for policies of property**
21 **insurance.** (a) Except as provided in subsection (b), in the



1 case of cancellation of a policy, the insurer shall give written
2 notice to the insured [~~not~~] no fewer than ten days before the
3 effective date of cancellation. For nonrenewal of a policy, the
4 insurer shall give written notice to the insured [~~not~~] no fewer
5 than thirty days before the effective date of nonrenewal. If
6 under this title [24] or a policy, a longer time period is
7 required for a notice of cancellation or nonrenewal for the
8 policy, the longer period shall be applicable. Cancellation or
9 nonrenewal shall not be deemed valid unless evidence of mailing
10 the written notice is provided.

11 (b) This subsection shall only apply to policies of
12 insurance on property used for residential purposes, including
13 multi-family residential properties. In the case of
14 cancellation of a policy, the property insurer shall give
15 written notice to the insured [~~not~~] no fewer than twenty days
16 before the effective date of cancellation. In the case of
17 cancellation of a policy due to nonpayment of premium or
18 material misrepresentation, the property insurer shall give
19 written notice to the insured [~~not~~] no fewer than ten days
20 before the effective date of cancellation. For nonrenewal of a
21 policy, the property insurer shall give written notice to the



1 insured [~~not~~] no fewer than thirty days before the effective
2 date of nonrenewal. If under this title [24] or a policy, a
3 longer time period is required for a notice of cancellation or
4 nonrenewal for the policy, the longer period shall be
5 applicable; provided that the longer period shall be applicable
6 only to the insurer. Cancellation or nonrenewal shall not be
7 deemed valid unless evidence of mailing the written notice is
8 provided.

9 (c) All notices of cancellation or nonrenewal shall
10 clearly state the specific reason or reasons for cancellation or
11 nonrenewal."

12 SECTION 6. Section 431K-7.1, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) If the service fee is not paid on or before [~~August~~
15 ~~16 of the year in which payment is due,~~] the extension date, a
16 penalty shall be imposed in the amount of fifty per cent of the
17 service fee. The commissioner shall provide written notice of
18 the delinquency of payment and the imposition of the authorized
19 penalty. If the service fee and the penalty are not paid within
20 thirty days immediately following the date of the notice of
21 delinquency, the commissioner may revoke the registration of the



1 purchasing group and [~~may~~] shall not reinstate the registration
2 until the service fee and the penalty have been paid."

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval;
6 provided that sections 1, 2, 3, 4, and 5 shall take effect on
7 January 1, 2027.



Report Title:

Insurance Code; Premium Increase; Adjuster; Independent Bill Reviewer; Producer; Disciplinary Licensing Action; Notice Requirements; Cancellation; Nonrenewal; Purchase Group

Description:

Beginning 1/1/2027, requires insurers to provide explanation of premium increases upon request; clarifies grounds for denial, suspension, and revocation of an adjuster or independent bill reviewer license; clarifies procedures for denying, suspending, and revoking an insurance producer license; and amends the notice requirements for cancellation or nonrenewal of a property insurance policy. Clarifies the date on which purchase groups are required to pay an annual service fee. (CD1)

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