
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Section 431:19-108, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The commissioner or any authorized examiner may
4 conduct an examination, investigation, or financial surveillance
5 of any captive insurance company as often as the commissioner
6 deems appropriate; provided that, unless the commissioner
7 requires otherwise:

8 (1) [~~An examination shall be conducted at least once every~~
9 ~~five years for all captive insurance companies, except~~
10 ~~as provided in paragraph (2); and] Except as provided
11 in paragraph (2), each captive insurance company,
12 other than a risk retention captive insurance company,
13 shall be subject to an examination no later than five
14 years after licensure. Thereafter, until December 31,
15 2031, the captive insurance company shall be subject
16 to examination at the discretion of the commissioner;
17 provided that on or after January 1, 2032, each~~



1 captive insurance company shall be subject to
2 examination at least once every five years; and
3 (2) An examination of a risk retention captive insurance
4 company shall be conducted no later than three years
5 after its formation and at least once every five years
6 thereafter.

7 The commissioner or any authorized examiner shall
8 thoroughly inspect and examine the captive insurance company's
9 affairs to ascertain its financial condition, its ability to
10 fulfill its obligations, and whether it has complied with this
11 article."

12 SECTION 2. The insurance commissioner shall submit a
13 report to the legislature no later than twenty days prior to the
14 convening of the regular session of 2031 that evaluates the
15 effectiveness of the discretionary examination framework
16 established by this Act. The report shall include but not be
17 limited to:

18 (1) An assessment of whether the discretionary examination
19 approach adequately protects policyholders and ensures
20 the financial condition and regulatory compliance of
21 captive insurance companies;



1 (2) A comparison of examination frequency, costs, and
2 resource allocation before and after the
3 implementation of this Act; and

4 (3) Any modifications, including whether to continue,
5 modify, or repeal the discretionary examination
6 framework.

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 Statutory material to be repealed is bracketed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

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



Report Title:

Insurance Commissioner; Insurance; Captive Insurance Companies; Examinations; Report

Description:

Until 12/31/2031, specifies that captive insurance companies that are not risk retention captive insurance companies are subject to examination no later than five years after licensure and any additional examination at the discretion of the Insurance Commissioner. On or after 1/1/2032, subjects captive insurance companies that are not risk retention captive insurance companies to examination at least once every five years. Requires the Insurance Commissioner to submit a report to the Legislature before the Regular Session of 2031. Effective 7/1/2026. (CD1)

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