

JAN 23 2026

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that wildfires in the
2 State have caused loss of life, displacement, and major damage
3 to homes, businesses, and public infrastructure, and have
4 disrupted the availability and affordability of residential
5 property insurance. The legislature further finds that insurers
6 increasingly use wildfire risk scores, wildfire risk models,
7 catastrophe models, and similar scoring methods to underwrite,
8 price, surcharge, or discontinue residential property insurance,
9 but policyholders and applicants often cannot obtain meaningful
10 information about how these scores are determined or how risk-
11 reducing actions may affect underwriting and pricing outcomes.

12 The legislature further finds that science-based wildfire
13 mitigation measures at the property level and community level
14 can reduce wildfire risk and expected loss. The legislature
15 believes that insurers should account for verified mitigation
16 actions in underwriting and pricing or, if an insurer's model
17 does not incorporate mitigation actions, provide meaningful



1 premium discounts or other premium adjustments for demonstrated
2 mitigation actions. The legislature further finds that
3 policyholders should receive timely notice of their wildfire
4 risk score or classification, applicable mitigation discounts,
5 and a clear and accessible process to appeal inaccurate scores
6 or discount determinations.

7 The legislature further finds that state policymakers
8 across the western region have identified wildfire-driven
9 insurance disruption as a shared and escalating challenge
10 requiring coordinated, state-led solutions. The legislature
11 further finds that the consumer transparency, mitigation
12 recognition, and accountability measures contained in this Act
13 reflect model policy concepts advanced through the Council of
14 State Governments West annual meeting process and are consistent
15 with reforms enacted in other western states as part of a multi-
16 state effort to stabilize insurance markets, better align
17 pricing with verified risk reduction, and protect consumers.

18 Accordingly, the purpose of this Act is to establish a
19 comprehensive wildfire insurance consumer-protection framework
20 that:



- 1 (1) Increases transparency for wildfire risk scoring and
- 2 modeling used in residential property insurance;
- 3 (2) Ensures mitigation is recognized through underwriting,
- 4 pricing, and premium discounts;
- 5 (3) Provides standardized notices and a right to appeal;
- 6 and
- 7 (4) Authorizes insurers to offer premium reductions and
- 8 other benefits for wildfire risk-preventative
- 9 measures.

10 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
11 amended by adding a new part to article 10E to be appropriately
12 designated and to read as follows:

13 **"PART . WILDFIRE RISK MODEL TRANSPARENCY; MITIGATION**
14 **INCENTIVES**

15 **§431:10E-A Definitions.** (a) As used in this part:

16 "Applicant" means a person who has submitted a completed
17 application for residential property insurance coverage.

18 "Catastrophe model" means a tool, instrumentality, means,
19 product, or process, including a map-based tool, computer-based
20 tool, or simulation, used by an insurer to estimate potential



1 losses from catastrophic events, including wildfire-related
2 events.

3 "Community-level mitigation action" means a science-based
4 mitigation action demonstrated by a community- or neighborhood-
5 level designation, certification, or verification, or undertaken
6 by a government entity, that reduces wildfire risk for a
7 residential property or a community, including fuel reduction
8 activities, forest treatment, wildfire-fighting and mitigation
9 equipment investments, utility wildfire mitigation activities
10 undertaken pursuant to a wildfire mitigation plan approved by
11 the public utilities commission pursuant to chapter 269, and
12 other risk-reduction activities identified by rule of the
13 commissioner.

14 "Property-specific mitigation action" means a science-based
15 mitigation action that reduces wildfire risk for a residential
16 property, including defensible space, ignition-resistant or
17 fire-resistive building hardening measures, and mitigation
18 verified or certified through a program recognized by the
19 commissioner by rule.

20 "Public plan-type association" means any public, quasi-
21 public, or statutorily created plan-type association established



1 under this chapter to facilitate access to residential property
2 insurance when coverage is not otherwise available in the
3 voluntary market, including any residual market mechanism or
4 joint underwriting-type association established under this
5 chapter.

6 "Residential property insurance" means a policy of
7 insurance that provides coverage for a residential structure or
8 dwelling, residential condominium unit, multi-family residential
9 housing, or appurtenant structures, and includes coverage
10 provided through any residual market mechanism, joint
11 underwriting association, or public plan-type association
12 established under this chapter, as applicable.

13 "Risk score" or "wildfire risk score" means a numerical
14 value, rating, score, tier, or categorization derived from a
15 statistical tool, modeling system, algorithm, scoring method, or
16 other process used, in whole or in part, to measure or assess
17 wildfire risk associated with a residential property or
18 community for purposes of underwriting, pricing, rating,
19 classification, establishing a rate differential, applying a
20 surcharge, determining eligibility, renewing, or nonrenewing
21 residential property insurance.



1 "Scoring method" means an algorithmic or model-based
2 method, including vendor products, that assigns a score, tier,
3 class, or categorization used for underwriting or pricing
4 decisions for residential property insurance, including wildfire
5 risk scoring.

6 (b) The commissioner may adopt rules to further define
7 definitions in this section consistent with this part.

8 **§431:10E-B Wildfire risk score disclosures; requests;**
9 **required content; timelines.** (a) An insurer that uses a
10 wildfire risk score in connection with underwriting, property
11 evaluation, or rating of residential property insurance shall,
12 upon the request of the insured, the insured's insurance
13 producer, or an applicant, provide the requester with the
14 following information for the residential property:

15 (1) The current wildfire risk score or other wildfire risk
16 classification assigned to the residential property by
17 the insurer;

18 (2) The range of possible wildfire risk scores or
19 classifications under the model or scoring method used
20 by the insurer;



1 (3) The name of the person or entity that created the
2 wildfire risk score, model, or scoring method used to
3 assign the score or classification, including the name
4 of any vendor product used, if applicable;

5 (4) The date on which the wildfire risk score or
6 classification was created or last updated for the
7 residential property; and

8 (5) The key factors that adversely affected the wildfire
9 risk score or classification assigned to the
10 residential property, stated in plain language.

11 (b) The insurer shall provide the information required by
12 subsection (a) in writing no later than thirty calendar days
13 after receiving the request.

14 (c) Nothing in this section shall be construed to require
15 an insurer to publicly disclose proprietary source code, trade
16 secrets, or confidential vendor materials; provided that the
17 insurer shall disclose sufficient information to comply with
18 subsection (a).

19 **§431:10E-C Model and scoring method filings; incorporation**
20 **of mitigation; trade secret treatment.** (a) An insurer that
21 uses a wildfire risk model, catastrophe model, or scoring method



1 to assign wildfire risk for underwriting, pricing, rating,
2 establishing a rate differential, applying a surcharge, renewal,
3 or nonrenewal decisions for residential property insurance shall
4 provide to the commissioner, as part of the insurer's rate
5 filings or other filings required by the commissioner by rule:

6 (1) A description of each wildfire risk model, catastrophe
7 model, or scoring method used, including how the model
8 or scoring method is used in underwriting and pricing
9 decisions;

10 (2) The impact of the model or scoring method on rates,
11 surcharges, rating tiers, eligibility, and nonrenewal
12 decisions;

13 (3) An actuarial justification for rating factors,
14 including mitigation discounts and other premium
15 adjustments offered; and .

16 (4) Any additional information required by rule, to the
17 extent data is available.

18 (b) To the extent data is available and as established by
19 rule, an insurer shall submit information as part of filings
20 required by subsection (a) that describes how and whether the
21 insurer's models or scoring methods account for statewide



1 mitigation activities and risk-reduction investments, including
2 forest treatment, wildfire-fighting and mitigation equipment
3 investments, and utility wildfire mitigation activities
4 undertaken pursuant to a wildfire mitigation plan approved by
5 the public utilities commission pursuant to chapter 269, and
6 other mitigation activities undertaken by government entities or
7 utilities.

8 (c) An insurer that uses a wildfire risk model,
9 catastrophe model, or combination of models shall ensure that
10 the following are either incorporated in the insurer's model or
11 scoring method or are otherwise demonstrably included in the
12 insurer's underwriting and pricing:

- 13 (1) Property-specific mitigation actions; and
14 (2) Community-level mitigation actions.

15 (d) If an insurer does not incorporate property-specific
16 mitigation actions and community-level mitigation actions into
17 its wildfire risk model, catastrophe model, or scoring method,
18 the insurer shall provide mitigation discounts, incentives, or
19 other premium adjustments to policyholders and applicants who
20 demonstrate that:



- 1 (1) Property-specific mitigation actions have been
- 2 undertaken on the property;
- 3 (2) Community-level mitigation actions have been
- 4 undertaken in sufficient proximity to the property to
- 5 reduce the risk of loss; or
- 6 (3) As determined by rule of the commissioner.

7 (e) Information submitted to the commissioner under this
8 section that constitutes a trade secret or confidential
9 commercial information shall be treated as confidential to the
10 extent permitted by law; provided that this subsection shall not
11 limit the commissioner's authority to require disclosures to
12 policyholders and applicants under this part.

13 **§431:10E-D Public website disclosures; notices; timing;**
14 **right to appeal; reconsideration.** (a) An insurer subject to
15 this part shall post on its public website readily accessible
16 information describing:

- 17 (1) Premium discounts, incentives, or other premium
- 18 adjustments available for property-specific mitigation
- 19 actions and community-level mitigation actions;
- 20 (2) The process by which a policyholder or applicant may
- 21 submit evidence of mitigation actions;



- 1 (3) The process to request a wildfire risk score or
2 classification under section 431:10E-B;
- 3 (4) The process to appeal a wildfire risk score or
4 classification and any mitigation discount
5 determination under this section; and
- 6 (5) For each discount, incentive, or premium adjustment,
7 the amount or range of the discount or adjustment, if
8 applicable, and the mitigation actions associated with
9 eligibility for the discount or adjustment.
- 10 (b) An insurer that provides a mitigation discount, or
11 that uses a wildfire risk score, wildfire risk classification,
12 wildfire risk model, catastrophe model, or scoring method to
13 underwrite, price, create a rate differential, apply a
14 surcharge, renew, or not renew residential property insurance
15 based upon wildfire risk shall provide a written notice to each
16 policyholder and applicant at the following times:
- 17 (1) For applicants, upon application for coverage and no
18 later than thirty calendar days after receipt of a
19 completed application;
- 20 (2) For policyholders being offered renewal, with the
21 offer of renewal;



- 1 (3) For policyholders not being offered renewal, with the
2 notice of nonrenewal; and
- 3 (4) For policyholders, at least annually, at a time and in
4 a manner prescribed by rule of the commissioner.
- 5 (c) The notice required by subsection (b) shall include:
- 6 (1) A plain-language explanation of the wildfire risk
7 score or classification, including that different
8 insurers may use different models and score ranges;
- 9 (2) The range of possible scores or classifications that
10 could be assigned to the property under the insurer's
11 model or scoring method;
- 12 (3) The relative position of the property's assigned score
13 or classification within the insurer's range;
- 14 (4) A written explanation of why the policyholder or
15 applicant received the assigned score or
16 classification, identifying the primary property
17 features or other primary factors that influenced the
18 assignment; and
- 19 (5) The impact, if any, that each property-specific
20 mitigation action or community-level mitigation action



1 could have on the wildfire risk score or
2 classification assigned to the property.

3 (d) A policyholder or applicant whose wildfire risk score,
4 wildfire risk classification, or applicable mitigation discount
5 determination is inaccurate, or who believes the insurer failed
6 to account for submitted mitigation evidence, may appeal
7 directly to the insurer.

8 (e) The insurer shall notify the policyholder or applicant
9 in writing of the right to appeal at the time the insurer
10 provides a score, classification, or discount information under
11 subsection (b).

12 (f) Upon receipt of an appeal under subsection (d), the
13 insurer shall:

14 (1) Acknowledge receipt of the appeal in writing within
15 ten calendar days; and

16 (2) Provide a written reconsideration and decision within
17 thirty calendar days after receiving the appeal.

18 (g) If an appeal is denied, the insurer shall, upon
19 request by the commissioner, forward a copy of the appeal and
20 the insurer's response to the commissioner within the timeframe
21 required by the commissioner.



1 (h) If a policyholder or applicant completes a property-
2 specific mitigation action, or provides evidence of a community-
3 level mitigation action in sufficient proximity to reduce risk
4 of loss, after the last application or renewal, the insurer
5 shall provide a revised wildfire risk score or classification no
6 later than thirty calendar days after the policyholder or
7 applicant submits a written request and supporting evidence, as
8 determined by rule of the commissioner.

9 **§431:10E-E Benefits and premium reductions for wildfire**
10 **risk-preventative measures; disclosures; rate filings.** (a) An
11 insurer may provide a benefit or premium reduction to a
12 residential property insurance policyholder for wildfire risk-
13 preventative measures taken by the policyholder. Preventative
14 measures include actions that reduce the risk of damage to
15 property from wildfire, including but not limited to:

- 16 (1) Using ignition-resistant, fire-resistive, or
17 noncombustible building materials in construction or
18 retrofit, including noncombustible roofing or coatings
19 and exterior glazing for fire protection;
- 20 (2) Establishing and maintaining defensible space
21 landscaping around structures;



- 1 (3) Providing annual confirmation, if requested by the
2 insurer, that the insured has employed defensible
3 space landscaping around the insured's structures;
- 4 (4) Installing fire alarms or emergency alarm systems;
- 5 (5) Providing adequate access to the property for
6 firefighting equipment and authorized emergency
7 vehicles;
- 8 (6) Maintaining an adequate outside water source or other
9 on-site suppression resources, as determined by rule;
- 10 (7) Complying with local, state, or federal fire
11 prevention or community preparedness programs
12 recognized by the commissioner by rule; and
- 13 (8) Complying with the International Wildland-Urban
14 Interface Code if a building is located in a wildland-
15 urban interface area.
- 16 (b) An insurer that provides a benefit or premium
17 reduction under subsection (a) shall disclose the benefit or
18 premium reduction in writing to the policyholder in a manner
19 prescribed by rule of the commissioner.
- 20 (c) An insurer that offers benefits or premium reductions
21 under this section shall file the preventative measures



1 agreement and any associated rate impacts with the commissioner
2 in a manner prescribed by rule.

3 (d) For the purposes of this section:

4 "Benefit" means a rebate, discount, abatement, credit,
5 reduction of premium, or other advantage to the policyholder
6 provided under the terms of a preventative measures agreement or
7 program established by the insurer.

8 "Preventative measures agreement" means an insurer program
9 or agreement that specifies the preventative measures eligible
10 for a benefit or premium reduction and any verification
11 requirements.

12 **§431:10E-F Rules; enforcement; remedies; coordination.**

13 (a) The commissioner shall adopt rules pursuant to chapter 91
14 to implement this part, including rules that:

15 (1) Establish minimum standards for notices, mitigation
16 evidence, verification, and appeals;

17 (2) Identify acceptable mitigation certifications and
18 verification programs;

19 (3) Specify filings required under section 431:10E-C;



1 (4) Provide standards for determining whether community-
2 level mitigation actions are in sufficient proximity
3 to reduce risk of loss; and

4 (5) Establish standardized formats to improve consumer
5 understanding and comparability.

6 (b) The commissioner may examine and investigate insurer
7 practices for compliance with this part and may take any action
8 authorized under this chapter for violations, including orders,
9 fines, or other administrative remedies authorized by law.

10 (c) The commissioner shall coordinate, as appropriate,
11 with state and county agencies involved in wildfire
12 preparedness, fuel reduction, building safety, and emergency
13 management to align verification standards for mitigation
14 actions.

15 **§431:10E-G Reports to the legislature.** (a) No later than
16 twenty days prior to the convening of each regular session, the
17 commissioner shall submit a report to the legislature on
18 implementation of this part, including:

- 19 (1) Insurer compliance trends and common consumer issues;
20 (2) Aggregate information on appeals, reconsiderations,
21 and outcomes;



1 (3) Aggregate information on mitigation discounts offered
2 and utilized;

3 (4) Recommendations for statutory or administrative
4 changes to improve insurance availability,
5 transparency, and mitigation incentives; and

6 (5) Any other information the commissioner deems
7 necessary.

8 (b) The report shall not disclose trade secrets or
9 confidential proprietary information."

10 SECTION 3. Section 431:13-103, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) The following are defined as unfair methods of
13 competition and unfair or deceptive acts or practices in the
14 business of insurance:

15 (1) Misrepresentations and false advertising of insurance
16 policies. Making, issuing, circulating, or causing to
17 be made, issued, or circulated, any estimate,
18 illustration, circular, statement, sales presentation,
19 omission, or comparison that:

20 (A) Misrepresents the benefits, advantages,
21 conditions, or terms of any insurance policy;



- 1 (B) Misrepresents the dividends or share of the
2 surplus to be received on any insurance policy;
- 3 (C) Makes any false or misleading statement as to the
4 dividends or share of surplus previously paid on
5 any insurance policy;
- 6 (D) Is misleading or is a misrepresentation as to the
7 financial condition of any insurer, or as to the
8 legal reserve system upon which any life insurer
9 operates;
- 10 (E) Uses any name or title of any insurance policy or
11 class of insurance policies misrepresenting the
12 true nature thereof;
- 13 (F) Is a misrepresentation for the purpose of
14 inducing or tending to induce the lapse,
15 forfeiture, exchange, conversion, or surrender of
16 any insurance policy;
- 17 (G) Is a misrepresentation for the purpose of
18 effecting a pledge or assignment of or effecting
19 a loan against any insurance policy;
- 20 (H) Misrepresents any insurance policy as being
21 shares of stock;



- 1 (I) Publishes or advertises the assets of any insurer
2 without publishing or advertising with equal
3 conspicuousness the liabilities of the insurer,
4 both as shown by its last annual statement; or
5 (J) Publishes or advertises the capital of any
6 insurer without stating specifically the amount
7 of paid-in and subscribed capital;
- 8 (2) False information and advertising generally. Making,
9 publishing, disseminating, circulating, or placing
10 before the public, or causing, directly or indirectly,
11 to be made, published, disseminated, circulated, or
12 placed before the public, in a newspaper, magazine, or
13 other publication, or in the form of a notice,
14 circular, pamphlet, letter, or poster, or over any
15 radio or television station, or in any other way, an
16 advertisement, announcement, or statement containing
17 any assertion, representation, or statement with
18 respect to the business of insurance or with respect
19 to any person in the conduct of the person's insurance
20 business, which is untrue, deceptive, or misleading;



- 1 (3) Defamation. Making, publishing, disseminating, or
2 circulating, directly or indirectly, or aiding,
3 abetting, or encouraging the making, publishing,
4 disseminating, or circulating of any oral or written
5 statement or any pamphlet, circular, article, or
6 literature [~~which~~] that is false, or maliciously
7 critical of or derogatory to the financial condition
8 of an insurer, and [~~which~~] that is calculated to
9 injure any person engaged in the business of
10 insurance;
- 11 (4) Boycott, coercion, and intimidation.
- 12 (A) Entering into any agreement to commit, or by any
13 action committing, any act of boycott, coercion,
14 or intimidation resulting in or tending to result
15 in unreasonable restraint of, or monopoly in, the
16 business of insurance; or
- 17 (B) Entering into any agreement on the condition,
18 agreement, or understanding that a policy will
19 not be issued or renewed unless the prospective
20 insured contracts for another class or an



1 additional policy of the same class of insurance
2 with the same insurer;

3 (5) False financial statements.

4 (A) Knowingly filing with any supervisory or other
5 public official, or knowingly making, publishing,
6 disseminating, circulating, or delivering to any
7 person, or placing before the public, or
8 knowingly causing, directly or indirectly, to be
9 made, published, disseminated, circulated,
10 delivered to any person, or placed before the
11 public, any false statement of a material fact as
12 to the financial condition of an insurer; or

13 (B) Knowingly making any false entry of a material
14 fact in any book, report, or statement of any
15 insurer with intent to deceive any agent or
16 examiner lawfully appointed to examine into its
17 condition or into any of its affairs, or any
18 public official to whom the insurer is required
19 by law to report, or who has authority by law to
20 examine into its condition or into any of its
21 affairs, or, with like intent, knowingly omitting



1 to make a true entry of any material fact
2 pertaining to the business of the insurer in any
3 book, report, or statement of the insurer;

4 (6) Stock operations and advisory board contracts.
5 Issuing or delivering or permitting agents, officers,
6 or employees to issue or deliver, agency company stock
7 or other capital stock, or benefit certificates or
8 shares in any common-law corporation, or securities or
9 any special or advisory board contracts or other
10 contracts of any kind promising returns and profits as
11 an inducement to insurance;

12 (7) Unfair discrimination.
13 (A) Making or permitting any unfair discrimination
14 between individuals of the same class and equal
15 expectation of life in the rates charged for any
16 policy of life insurance or annuity contract or
17 in the dividends or other benefits payable
18 thereon, or in any other of the terms and
19 conditions of the contract;

20 (B) Making or permitting any unfair discrimination in
21 favor of particular individuals or persons, or



1 between insureds or subjects of insurance having
2 substantially like insuring, risk, and exposure
3 factors, or expense elements, in the terms or
4 conditions of any insurance contract, or in the
5 rate or amount of premium charge therefor, or in
6 the benefits payable or in any other rights or
7 privilege accruing thereunder;

8 (C) Making or permitting any unfair discrimination
9 between individuals or risks of the same class
10 and of essentially the same hazards by refusing
11 to issue, refusing to renew, canceling, or
12 limiting the amount of insurance coverage on a
13 property or casualty risk because of the
14 geographic location of the risk, unless:

- 15 (i) The refusal, cancellation, or limitation is
16 for a business purpose [~~which~~] that is not a
17 mere pretext for unfair discrimination; or
18 (ii) The refusal, cancellation, or limitation is
19 required by law or regulatory mandate;

20 (D) Making or permitting any unfair discrimination
21 between individuals or risks of the same class



1 and of essentially the same hazards by refusing
2 to issue, refusing to renew, canceling, or
3 limiting the amount of insurance coverage on a
4 residential property risk, or the personal
5 property contained therein, because of the age of
6 the residential property, unless:

7 (i) The refusal, cancellation, or limitation is
8 for a business purpose [~~which~~] that is not a
9 mere pretext for unfair discrimination; or

10 (ii) The refusal, cancellation, or limitation is
11 required by law or regulatory mandate;

12 (E) Refusing to insure, refusing to continue to
13 insure, or limiting the amount of coverage
14 available to an individual because of the sex or
15 marital status of the individual; however,
16 nothing in this subsection shall prohibit an
17 insurer from taking marital status into account
18 for the purpose of defining persons eligible for
19 dependent benefits;

20 (F) Terminating or modifying coverage, or refusing to
21 issue or renew any property or casualty policy or



1 contract of insurance solely because the
2 applicant or insured or any employee of either is
3 mentally or physically impaired; provided that
4 this subparagraph shall not apply to accident and
5 health or sickness insurance sold by a casualty
6 insurer; provided further that this subparagraph
7 shall not be interpreted to modify any other
8 provision of law relating to the termination,
9 modification, issuance, or renewal of any
10 insurance policy or contract;

11 (G) Refusing to insure, refusing to continue to
12 insure, or limiting the amount of coverage
13 available to an individual based solely upon the
14 individual's having taken a human
15 immunodeficiency virus (HIV) test prior to
16 applying for insurance; or

17 (H) Refusing to insure, refusing to continue to
18 insure, or limiting the amount of coverage
19 available to an individual because the individual
20 refuses to consent to the release of information
21 [~~which~~] that is confidential as provided in



1 section 325-101; provided that nothing in this
2 subparagraph shall prohibit an insurer from
3 obtaining and using the results of a test
4 satisfying the requirements of the commissioner,
5 which was taken with the consent of an applicant
6 for insurance; provided further that any
7 applicant for insurance who is tested for HIV
8 infection shall be afforded the opportunity to
9 obtain the test results, within a reasonable time
10 after being tested, and that the confidentiality
11 of the test results shall be maintained as
12 provided by section 325-101;

13 (8) Rebates. Except as otherwise expressly provided by
14 law:

15 (A) Knowingly permitting or offering to make or
16 making any contract of insurance, or agreement as
17 to the contract other than as plainly expressed
18 in the contract, or paying or allowing, or giving
19 or offering to pay, allow, or give, directly or
20 indirectly, as inducement to the insurance, any
21 rebate of premiums payable on the contract, or



1 any special favor or advantage in the dividends
2 or other benefits, or any valuable consideration
3 or inducement not specified in the contract; or
4 (B) Giving, selling, or purchasing, or offering to
5 give, sell, or purchase as inducement to the
6 insurance or in connection therewith, any stocks,
7 bonds, or other securities of any insurance
8 company or other corporation, association, or
9 partnership, or any dividends or profits accrued
10 thereon, or anything of value not specified in
11 the contract;

12 (9) Nothing in paragraph (7) or (8) shall be construed as
13 including within the definition of discrimination or
14 rebates any of the following practices:

15 (A) In the case of any life insurance policy or
16 annuity contract, paying bonuses to policyholders
17 or otherwise abating their premiums in whole or
18 in part out of surplus accumulated from
19 nonparticipating insurance; provided that any
20 bonus or abatement of premiums shall be fair and



- 1 equitable to policyholders and in the best
2 interests of the insurer and its policyholders;
- 3 (B) In the case of life insurance policies issued on
4 the industrial debit plan, making allowance to
5 policyholders who have continuously for a
6 specified period made premium payments directly
7 to an office of the insurer in an amount which
8 fairly represents the saving in collection
9 expense;
- 10 (C) Readjustment of the rate of premium for a group
11 insurance policy based on the loss or expense
12 experience thereunder, at the end of the first or
13 any subsequent policy year of insurance
14 thereunder, which may be made retroactive only
15 for the policy year;
- 16 (D) In the case of any contract of insurance, the
17 distribution of savings, earnings, or surplus
18 equitably among a class of policyholders, all in
19 accordance with this article; ~~and~~
- 20 (E) A reward under a wellness program established
21 under a health care plan that favors an



1 individual if the wellness program meets the
2 following requirements:

- 3 (i) The wellness program is reasonably designed
4 to promote health or prevent disease;
- 5 (ii) An individual has an opportunity to qualify
6 for the reward at least once a year;
- 7 (iii) The reward is available for all similarly
8 situated individuals;
- 9 (iv) The wellness program has alternative
10 standards for individuals who are unable to
11 obtain the reward because of a health
12 factor;
- 13 (v) Alternative standards are available for an
14 individual who is unable to participate in a
15 reward program because of a health
16 condition;
- 17 (vi) The insurer provides information explaining
18 the standard for achieving the reward and
19 discloses the alternative standards; and



- 1 (vii) The total rewards for all wellness programs
2 under the health care plan do not exceed
3 twenty per cent of the cost of coverage; and
4 (F) A benefit or premium reduction provided pursuant
5 to section 431:10E-E for wildfire risk-
6 preventative measures, including any benefit or
7 premium reduction offered under an insurer
8 program filed with the commissioner in accordance
9 with section 431:10E-E;
- 10 (10) Refusing to provide or limiting coverage available to
11 an individual because the individual may have a third-
12 party claim for recovery of damages; provided that:
- 13 (A) Where damages are recovered by judgment or
14 settlement of a third-party claim, reimbursement
15 of past benefits paid shall be allowed pursuant
16 to section 663-10;
- 17 (B) This paragraph shall not apply to entities
18 licensed under chapter 386 or 431:10C; and
- 19 (C) For entities licensed under chapter 432 or 432D:
20 (i) It shall not be a violation of this section
21 to refuse to provide or limit coverage



1 available to an individual because the
2 entity determines that the individual
3 reasonably appears to have coverage
4 available under chapter 386 or 431:10C; and
5 (ii) Payment of claims to an individual who may
6 have a third-party claim for recovery of
7 damages may be conditioned upon the
8 individual first signing and submitting to
9 the entity documents to secure the lien and
10 reimbursement rights of the entity and
11 providing information reasonably related to
12 the entity's investigation of its liability
13 for coverage.

14 Any individual who knows or reasonably should
15 know that the individual may have a third-party
16 claim for recovery of damages and who fails to
17 provide timely notice of the potential claim to
18 the entity, shall be deemed to have waived the
19 prohibition of this paragraph against refusal or
20 limitation of coverage. "Third-party claim" for
21 purposes of this paragraph means any tort claim



1 for monetary recovery or damages that the
2 individual has against any person, entity, or
3 insurer, other than the entity licensed under
4 chapter 432 or 432D;

5 (11) Unfair claim settlement practices. Committing or
6 performing with [~~such~~] a frequency as to indicate a
7 general business practice any of the following:

8 (A) Misrepresenting pertinent facts or insurance
9 policy provisions relating to coverages at issue;

10 (B) With respect to claims arising under its
11 policies, failing to respond with reasonable
12 promptness, in no case more than fifteen working
13 days, to communications received from:

14 (i) The insurer's policyholder;

15 (ii) Any other persons, including the
16 commissioner; or

17 (iii) The insurer of a person involved in an
18 incident in which the insurer's policyholder
19 is also involved.

20 The response shall be more than an acknowledgment
21 that [~~such~~] the person's communication has been



- 1 received and shall adequately address the
2 concerns stated in the communication;
- 3 (C) Failing to adopt and implement reasonable
4 standards for the prompt investigation of claims
5 arising under insurance policies;
- 6 (D) Refusing to pay claims without conducting a
7 reasonable investigation based upon all available
8 information;
- 9 (E) Failing to affirm or deny coverage of claims
10 within a reasonable time after proof of loss
11 statements have been completed;
- 12 (F) Failing to offer payment within thirty calendar
13 days of affirmation of liability, if the amount
14 of the claim has been determined and is not in
15 dispute;
- 16 (G) Failing to provide the insured, or when
17 applicable the insured's beneficiary, with a
18 reasonable written explanation for any delay, on
19 every claim remaining unresolved for thirty
20 calendar days from the date it was reported;



- 1 (H) Not attempting in good faith to effectuate
- 2 prompt, fair, and equitable settlements of claims
- 3 in which liability has become reasonably clear;
- 4 (I) Compelling insureds to institute litigation to
- 5 recover amounts due under an insurance policy by
- 6 offering substantially less than the amounts
- 7 ultimately recovered in actions brought by the
- 8 insureds;
- 9 (J) Attempting to settle a claim for less than the
- 10 amount to which a reasonable person would have
- 11 believed the person was entitled by reference to
- 12 written or printed advertising material
- 13 accompanying or made part of an application;
- 14 (K) Attempting to settle claims on the basis of an
- 15 application that was altered without notice,
- 16 knowledge, or consent of the insured;
- 17 (L) Making claims payments to insureds or
- 18 beneficiaries not accompanied by a statement
- 19 setting forth the coverage under which the
- 20 payments are being made;



- 1 (M) Making known to insureds or claimants a policy of
2 appealing from arbitration awards in favor of
3 insureds or claimants for the purpose of
4 compelling them to accept settlements or
5 compromises less than the amount awarded in
6 arbitration;
- 7 (N) Delaying the investigation or payment of claims
8 by requiring an insured, claimant, or the
9 physician or advanced practice registered nurse
10 of either to submit a preliminary claim report
11 and then requiring the subsequent submission of
12 formal proof of loss forms, both of which
13 submissions contain substantially the same
14 information;
- 15 (O) Failing to promptly settle claims, where
16 liability has become reasonably clear, under one
17 portion of the insurance policy coverage to
18 influence settlements under other portions of the
19 insurance policy coverage;
- 20 (P) Failing to promptly provide a reasonable
21 explanation of the basis in the insurance policy



1 in relation to the facts or applicable law for
2 denial of a claim or for the offer of a
3 compromise settlement; and
4 (Q) Indicating to the insured on any payment draft,
5 check, or in any accompanying letter that the
6 payment is "final" or is "a release" of any claim
7 if additional benefits relating to the claim are
8 probable under coverages afforded by the policy;
9 unless the policy limit has been paid or there is
10 a bona fide dispute over either the coverage or
11 the amount payable under the policy;
12 (12) Failure to maintain complaint handling procedures.
13 Failure of any insurer to maintain a complete record
14 of all the complaints that it has received since the
15 date of its last examination under section 431:2-302.
16 This record shall indicate the total number of
17 complaints, their classification by line of insurance,
18 the nature of each complaint, the disposition of the
19 complaints, and the time it took to process each
20 complaint. For purposes of this section, "complaint"



1 means any written communication primarily expressing a
2 grievance;

3 (13) Misrepresentation in insurance applications. Making
4 false or fraudulent statements or representations on
5 or relative to an application for an insurance policy,
6 for the purpose of obtaining a fee, commission, money,
7 or other benefit from any insurer, producer, or
8 individual; and

9 (14) Failure to obtain information. Failure of any
10 insurance producer, or an insurer where no producer is
11 involved, to comply with section 431:10D-623(a), (b),
12 or (c) by making reasonable efforts to obtain
13 information about a consumer before making a
14 recommendation to the consumer to purchase or exchange
15 an annuity."

16 SECTION 4. 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 department of commerce and consumer affairs to implement the
20 wildfire risk model transparency and mitigation incentives
21 framework pursuant to this Act.



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

3 SECTION 5. In codifying the new sections added by section
4 2 and referenced in section 3 of this Act, the revisor of
5 statutes shall substitute appropriate section numbers for the
6 letters used in designating the new sections in this Act.

7 SECTION 6. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2026.

10

INTRODUCED BY: _____

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a long horizontal line extending to the right.

S.B. NO. 2947

Report Title:

Department of Commerce and Consumer Affairs; Insurance;
Insurance Commissioner; Wildfires; Risk Scores; Risk Models;
Transparency; Mitigation; Rebates; Discounts; Consumer Notice;
Appeals; Reports; Appropriation

Description:

Requires residential property insurers to disclose wildfire risk scores upon request and at renewal, nonrenewal, and application. Requires insurers using wildfire risk models, catastrophe models, or scoring methods to file model-use information with the Insurance Commissioner and incorporate property-level and community-level wildfire mitigation. Requires insurers to provide mitigation discounts if property-level and community-level wildfire mitigations are not incorporated into risk models. Establishes a standardized notice and an appeal process for wildfire risk scores and mitigation discounts. Authorizes insurers to provide benefits or premium reductions for wildfire risk-preventative measures and clarifies treatment for midterm premium increases and anti-rebate laws. Requires reports to the Legislature. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

