

# S.B. NO. 3101

JAN 28 2026

## 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 to part II of article 10 a new section 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 (a) The commissioner may deny, place on probation, suspend,  
11 revoke, or refuse to [~~extend~~] issue or renew any license issued  
12 under this article and may levy a civil penalty in accordance  
13 with section 431:9-238, for any cause specified in any other  
14 provision of this article, or for any of the following causes:

15 [~~(1) For any cause for which issuance of the license could~~  
16 ~~have been refused had it then existed and been known~~  
17 ~~to the commissioner;~~

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- 1       ~~(2) If the licensee wilfully violates or knowingly~~
- 2           ~~participates in the violation of any provision of this~~
- 3           ~~code;~~
- 4       ~~(3) If the licensee has obtained or attempted to obtain~~
- 5           ~~any license issued under this article through wilful~~
- 6           ~~misrepresentation or fraud, or has failed to pass any~~
- 7           ~~examination required by section 431:9-206;~~
- 8       ~~(4) If the licensee has misappropriated, converted to the~~
- 9           ~~licensee's own use, or illegally withheld moneys~~
- 10           ~~required to be held in a fiduciary capacity;~~
- 11       ~~(5) If the licensee, with intent to deceive, has~~
- 12           ~~materially misrepresented the terms or effect of any~~
- 13           ~~insurance contract; or has engaged or is about to~~
- 14           ~~engage in any fraudulent transaction;~~
- 15       ~~(6) If the licensee has been found to have committed any~~
- 16           ~~unfair practice or fraud as defined in article 13;]~~
- 17       (1) Providing incorrect, misleading, incomplete, or
- 18           materially untrue information in the license
- 19           application;
- 20       (2) Violating any law, or violating any rule, subpoena, or
- 21           order of the commissioner or of another state's
- 22           commissioner;

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- 1        (3) Obtaining or attempting to obtain a license through  
2                    misrepresentation or fraud;
- 3        (4) Improperly withholding, misappropriating, or  
4                    converting any moneys or properties received in the  
5                    course of doing business;
- 6        (5) Intentionally misrepresenting the terms of an actual  
7                    or proposed insurance contract or application for  
8                    insurance;
- 9        (6) Having been convicted of a felony;
- 10       (7) Having admitted to or be found to have committed any  
11                   insurance unfair trade practice or fraud;
- 12       (8) Using fraudulent, coercive, or dishonest practice or  
13                   demonstrating incompetence, untrustworthiness, or  
14                   financial irresponsibility in the conduct of business  
15                   in this State or elsewhere;
- 16       (9) Having an insurance producer license or its equivalent  
17                   denied, placed on probation, suspended, or revoked in  
18                   any other state, province district, or territory;
- 19       (10) Forging another's name on an application or on any  
20                   document related to a transaction;
- 21       (11) Improperly using notes or any other reference material  
22                   while taking an examination for an insurance license;

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1        (12) Accepting insurance business from a person who is not  
2                    licensed;

3        (13) Failing to comply with an administrative or court  
4                    order imposing child support obligation;

5        (14) Failing to pay federal or state income taxes or  
6                    failing to comply with any administrative or court  
7                    order directing payment of federal or state income  
8                    taxes;

9        (15) For any cause for which issuance of the license could  
10                   have been refused had it then existed and been known  
11                   to the commissioner;

12        [~~(7)~~] (16) If in the conduct of the licensee's affairs under  
13                   the license, the licensee has shown oneself to be a  
14                   source of injury and loss to the public; or

15        [~~(8)~~] (17) If the licensee has dealt with, or attempted to  
16                   deal with, insurance or to exercise powers relative to  
17                   insurance outside the scope of the licensee's  
18                   licenses.

19        (b) [~~The license of any partnership or corporation may be~~  
20 ~~suspended, revoked, or refused for any of the causes that relate~~  
21 ~~to any individual designated in the license to exercise its~~  
22 ~~powers.] The commissioner may act pursuant to subsection (a) by~~

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

16 (c) The license of a business entity may be sanctioned  
17 pursuant to subsection (a) if the commissioner finds, after  
18 hearing, that any licensee working under the business entity has  
19 engaged in misconduct under subsection (a) that was known or  
20 should have been known by one or more of the entity's partners,  
21 officers, or managers acting on behalf of the entity and the

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1 violation was neither reported to the commissioner by the entity  
2 nor corrective action taken by the entity.

3 [~~e~~] (d) The holder of any license, which has been revoked  
4 or suspended, shall surrender the license certificate to the  
5 commissioner at the commissioner's request.

6 [~~d~~] ~~The commissioner may suspend, revoke, or refuse to~~  
7 ~~extend any license for any cause specified in this article by an~~  
8 ~~order:~~

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

14 ~~(2) Made after a hearing as provided in section 431:2-308.~~  
15 ~~The effective date of the order shall be ten days~~  
16 ~~after the date the order is given to the licensee.~~  
17 ~~The order may be appealed to the circuit court of the~~  
18 ~~first judicial circuit of this State as provided in~~  
19 ~~chapter 91.]~~

20 (e) The commissioner shall retain the authority to enforce  
21 the provisions of and impose any penalty or remedy authorized by  
22 chapter 431, 432, or 432D, against any person who is under

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1 investigation for or charged with a violation of chapter 431,  
2 432, or 432D, even if that person's license or registration has  
3 been surrendered or has lapsed by operation of law."

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

6 "(a) In addition to or in lieu of [~~suspension, revocation,~~  
7 ~~or refusal to extend any license, after a hearing,~~] an action by  
8 the commissioner under section 431:9-235, the commissioner may  
9 levy a fine upon the applicant or licensee in an amount not less  
10 than \$100 and not more than \$10,000."

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

13 (b) [~~If the commissioner takes action~~] The commissioner  
14 may act pursuant to subsection (a) by an order, provided that  
15 prior to issuing the order, the commissioner shall notify the  
16 applicant or licensee in writing of the [~~reason for that~~  
17 ~~action.~~] commissioner's intent to act under subsection (a). The  
18 applicant or licensee may make written [~~demand upon~~] application  
19 to the commissioner for a hearing before the commissioner to  
20 determine the reasonableness of the commissioner's action within  
21 ten days of the date of receipt of the notice [~~for a hearing~~  
22 ~~before the commissioner to determine the reasonableness of the~~

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1 ~~commissioner's action~~]. The hearing shall be held within thirty  
2 days of receipt of the written [~~demand~~] application and shall be  
3 held pursuant to chapter 91 [~~, and following that action,~~]. If  
4 no written application for a hearing is made to the commissioner  
5 within ten days of receipt of the notice, the commissioner may  
6 proceed with issuing the order; and, unless otherwise provided  
7 by law, the commissioner shall without further review or hearing  
8 renew, reinstate, or grant the license only upon receipt of an  
9 authorization from the administering entity."

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

12 **"§431:10-226.5 Notice of cancellation or nonrenewal;**  
13 **notice of cancellation or nonrenewal for policies of property**  
14 **insurance.** (a) Except as provided in subsection (b), in the  
15 case of cancellation of a policy, the insurer shall give written  
16 notice to the insured not fewer than ten days before the  
17 effective date of cancellation. For nonrenewal of a policy, the  
18 insurer shall give written notice to the insured not fewer than  
19 thirty days before the effective date of nonrenewal. If under  
20 title 24 or a policy, a longer time period is required for a  
21 notice of cancellation or nonrenewal for the policy, the longer  
22 period shall be applicable. Cancellation or nonrenewal shall

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1 not be deemed valid unless evidence of mailing the written  
2 notice is provided.

3 (b) This subsection shall only apply to policies of  
4 insurance on property used for residential purposes, including  
5 multi-family residential properties. In the case of  
6 cancellation of a policy, the property insurer shall give  
7 written notice to the insured not fewer than twenty days before  
8 the effective date of cancellation. In the case of cancellation  
9 of a policy due to nonpayment of premium or material  
10 misrepresentation, the property insurer shall give written  
11 notice to the insured not fewer than ten days before the  
12 effective date of cancellation. For nonrenewal of a policy, the  
13 property insurer shall give written notice to the insured not  
14 fewer than thirty days before the effective date of nonrenewal.  
15 If under title 24 or a policy, a longer time period is required  
16 for a notice of cancellation or nonrenewal for the policy, the  
17 longer period shall be applicable; provided that the longer  
18 period shall be applicable only to the insurer. Cancellation or  
19 nonrenewal shall not be deemed valid unless evidence of mailing  
20 the written notice is provided.

21 (c) All notices of cancellation or nonrenewal shall

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1 clearly state the specific reason or reasons for cancellation or  
2 nonrenewal."

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

5 "(b) If the service fee is not paid on or before [~~August~~  
6 ~~16 of the year in which payment is due,~~] the extension date, a  
7 penalty shall be imposed in the amount of fifty per cent of the  
8 service fee. The commissioner shall provide written notice of  
9 the delinquency of payment and the imposition of the authorized  
10 penalty. If the service fee and the penalty are not paid within  
11 thirty days immediately following the date of the notice of  
12 delinquency, the commissioner may revoke the registration of the  
13 purchasing group and may not reinstate the registration until  
14 the service fee and the penalty have been paid."

15 SECTION 7. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act, upon its approval, shall take effect  
18 on January 1, 2027; provided that section 7 shall take effect  
19 upon approval.

20

21

INTRODUCED BY:



22

BY REQUEST

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**Report Title:**

Insurance Code; Insurance; Adjuster; Bill Reviewer; Licensing; National Association of Insurance Commissioners; Notice Requirements; Cancellation; Nonrenewal; Premium Change Notice; Unfair Methods of Competition; Unfair and Deceptive Acts and Practices; Purchasing Groups.

**Description:**

Amends various provisions of the Insurance Code to update and improve existing provisions. Clarifies grounds for denial, suspension, and revocation of an adjuster and bill reviewer license. Clarifies procedures for denying, suspending, and revoking an insurance producer license. Amends the notice requirements for cancellation or nonrenewal of an insurance policy. Requires insurers to provide explanation of premium increases upon request. Amends the definition of unfair methods of competition and unfair or deceptive acts or practices.

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

## JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO INSURANCE.

PURPOSE: To amend various provisions of title 24 of the Hawaii Revised Statutes (HRS) to update and improve existing provisions including:

- (1) Adding a new section to part II of article 10 of chapter 431 to require insurers to provide written explanation upon request justifying increases in premiums in alignment with NAIC Model Law;
- (2) Amending section 431:9-235 to align the standards for the denial, suspension, and revocation of adjuster licenses with the NAIC Model Law 228 and section 431:9A-112;
- (3) Amending section 431:9-238 to reflect proposed amendments to section 431:9-235;
- (4) Amending section 431:9A-112(b) to align with the proposed amendments to section 431:9-235;
- (5) Amending section 431:10-226.5 to require any notice of cancellation or nonrenewal to include the reason for the cancellation or nonrenewal in alignment with NAIC Model Law 915; and
- (6) Amending section 431K-7.1 to align the payment date of the retention group service fee.

MEANS: Add a new section to part II of article 10 of chapter 431 and amend sections 431:9-235, 431:9-238(a), 431:9A-112(b) 431:10-226.5, and 431K-7.1, HRS.

JUSTIFICATION:

- (1) Currently there are no statutory requirements obliging insurers to provide a written explanation to policyholders justifying any increases in premiums. This lack of disclosure limits transparency for consumers, who may not understand or have recourse regarding changes to their rates. Adding this new section to part II of article 10 of chapter 431 will increase pricing transparency to consumers;
- (2) To clarify that the Insurance Commissioner has the ability to deny, place on probation, suspend, revoke, or refuse to issue or renew an adjuster or bill reviewer license. Additionally to align the standard for license-related actions for adjusters and bill reviewers, insurance producers, and surplus lines brokers;
- (3) Amending section 431:9-238 to align with the actions the Insurance Commissioner is allowed to take under section 431:9-235;
- (4) Amending section 431:9A-112(b) to align with the proposed amendments to section 431:9-235;
- (5) Amending section 431:10-226.5 to require insurers to include on a notice of cancellation or nonrenewal the reason for cancellation or nonrenewal consumers will receive greater transparency in the event their insurance is canceled or nonrenewed; and
- (6) Risk retention groups are required to pay an annual service fee, however there is a discrepancy under section 431K-7.1 as to the required date for that payment. The August 16 payment requirement in subsection (b) does not align with the rest of the section,

which requires payment on the extension date.

Impact on the public: This bill will enhance consumer protection and industry transparency by making necessary updates and improvements to title 24, HRS.

Impact on the department and other agencies: This bill will not increase demand upon or affect the functions and duties of the commissioner or staff in the Department. No other agencies will be impacted.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: CCA106.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: January 1, 2027; provided that section 7 takes effect upon approval.