

STAND. COM. REP. NO. 2110

Honolulu, Hawaii

**FEB 06 2026**

RE: S.B. No. 2042  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2042 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to reduce the unimpaired minimum capital and surplus required for a Class 4 sponsored captive insurance company from \$500,000 to \$100,000; provided that the company does not retain insurance risk.

Your Committee received testimony in support of this measure from the Hawaii Captive Insurance Council, Brown & Brown, Alakai Global Inc., and Aon Insurance Managers (USA) Inc.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the State is an attractive market for the global captive insurance industry due to its balanced approach to regulatory oversight, such as statutory minimum capital and surplus requirements for captive insurance companies. However, requiring companies that do not retain insurance risk to maintain capital levels designed for risk-retaining insurers imposes costs and can be an obstacle to industry growth in the State. Your Committee finds that reducing the unimpaired minimum capital and surplus required for certain sponsored captive



insurance companies from \$500,000 to \$100,000 can encourage competition and flexibility without compromising regulatory oversight.

Your Committee acknowledges the testimony of the Department of Commerce and Consumer Affairs that the measure's qualifying language in relation to the sponsored captive insurance company's retained risk is not necessary because the Insurance Commissioner has the discretionary authority to require a higher minimum amount based on a company's risk profile.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have required that a sponsored captive insurance company not retain insurance risk as a condition of the reduced minimum capital and surplus requirement;
- (2) Inserting an effective date of January 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2042, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2042, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



JARRETT KESHOKALO, Chair



