

Honolulu, Hawaii

APR 07 , 2026

RE: S.B. No. 2043
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2043, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to allow captive insurance companies that are not risk retention captive insurance companies to apply to the Insurance Commissioner for certificates of exemption from examination after meeting certain requirements.

Your Committee received testimony in support of this measure from the Hawaii Captive Insurance Council; Brown & Brown; and one individual. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that captive insurance companies play a significant role in managing specialized and sophisticated insurance risks, and that effective regulatory oversight should be appropriately tailored to the nature and risk profile of those entities. Your Committee further finds that captive insurance companies with a demonstrated record of financial stability, compliance, and sound governance may not require the same examination frequency as higher-risk entities, and that a risk-



based approach to examinations allows regulatory resources to be deployed more efficiently.

Your Committee notes that, although a risk-based examination framework is appropriate, fully exempting captive insurance companies from examination for a fixed period diminishes regulatory oversight and may increase the risk of mismanagement.


Accordingly, your Committee has amended this measure by:

- (1) Deleting language that authorized certificates of exemption from examination for certain captive insurance companies;
- (2) Specifying that certain captive insurance companies are subject to an examination within five years of licensure and:
 - (A) Until December 31, 2031, subject to examination at the discretion of the Insurance Commissioner; and
 - (B) On or after January 1, 2032, subject to examination at least once every five years;
- (3) Requiring the Insurance Commissioner to submit a report to the Legislature before the Regular Session of 2031 that evaluates the discretionary examination framework established by this measure;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2043, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2043, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.



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



SCOT Z. MATAYOSHI, Chair

