

Honolulu, Hawaii

MAR 19, 2026

RE: S.B. No. 2948
S.D. 2
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. 2948, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE FRAUD,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit claims harvesting and solicitation;
- (2) Broaden the scope of the offense of insurance fraud and the acts that constitute insurance fraud;
- (3) Authorize the Insurance Commissioner to establish a centralized insurance fraud database for use by authorized agencies for the collection, storage, analysis, and dissemination of information related to insurance fraud;
- (4) Establish certain disaster-related insurance fraud offenses to penalize fraudulent conduct by insurers during a declared state of emergency or local state of emergency;



- (5) Clarify the penalties for the offense of insurance fraud and the capabilities and operations of the Department of Commerce and Consumer Affairs' Insurance Fraud Investigations Branch;
- (6) Establish protections for insurance fraud whistleblowers;
- (7) Establish the failure of an insurer to comply with timelines during a declared state of emergency or local state of emergency as an unfair method of competition and unfair or deceptive act or practice in the business of insurance;
- (8) Permit the Insurance Commissioner to coordinate with emergency management agencies, law enforcement, and the Contractors Licensing Board during a declared state of emergency or local state of emergency to ensure licensed contractors and licensed emergency contractors are meeting bonding and financial responsibility requirements; and
- (9) Appropriate funds out of the Compliance Resolution Fund to support insurance fraud investigations.

Your Committee received testimony in support of this measure from the National Insurance Crime Bureau and one individual. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Department of the Attorney General; and National Association of Mutual Insurance Companies.

Your Committee finds that insurance fraud impacts everyone, specifically insurance fraud leads to all consumers paying higher insurance premiums. For example, according to the Federal Bureau of Investigation statistics on non-health care insurance fraud, the average United States family pays between \$400 and \$700 per year in the form of increased premiums due to fraud. In a national study on insurance fraud, it was determined that the total losses due to insurance fraud were approximately \$308,000,000,000. This measure takes a multi-pronged approach to addressing insurance fraud by broadening the conduct that constitutes insurance fraud and bolstering the Insurance Division's ability to address insurance fraud.



Your Committee notes that this measure prohibits a person from initiating, financing, supporting, or maintaining litigation arising from an insurance claim using unverified information. However, in many cases, certain information cannot be verified until the discovery occurs. Your Committee is therefore concerned that prohibiting reliance on unverified information at the outset of litigation may have the unintended effect of discouraging or precluding otherwise legitimate claims.

Your Committee has amended this measure by:

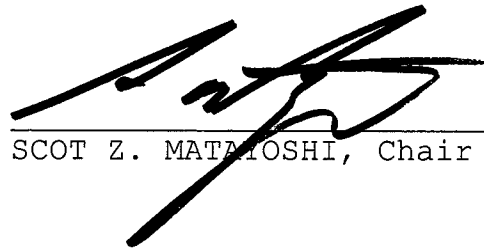
- (1) Deleting the use of the undefined term "claims harvesting" and, instead, specifying the prohibited solicitations and inducements;
- (2) Deleting proposed new statutory language that:
 - (A) Is duplicative of existing statutory language that deems information obtained in a fraud investigation as confidential; and
 - (B) Allowed the Insurance Commissioner to establish a centralized insurance fraud database;
- (3) Deleting the use of the undefined term "post-loss assignment abuse";
- (4) Clarifying that provisions addressing disaster-related insurance fraud are subject to heightened enforcement standards under the emergency management laws, if applicable;
- (5) Clarifying that remedies, including penalties, and other provisions related to the offense of insurance fraud apply to all provisions of this measure that constitute insurance fraud;
- (6) Deleting language that:
 - (A) Established the failure of an insurer to comply with timelines during a declared state of emergency or local state of emergency as an unfair method of competition and unfair or deceptive act or practice in the business of insurance; and



- (B) Permitted the Insurance Commissioner to coordinate with emergency management agencies, law enforcement, and the Contractors License Board during a declared state of emergency or local state of emergency to ensure licensed contractors and licensed emergency contractors are meeting bonding and financial responsibility requirements;
- (7) Inserting a savings clause;
- (8) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (9) 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. 2948, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2948, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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



SCOT Z. MATSUMOTO, Chair



