

Honolulu, Hawaii

MAR 30 , 2026

RE: S.B. No. 2961
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. 2961, 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 require an insurer, under a homeowners insurance policy, to:

- (1) Allow an insured to apply additional living expenses benefits toward the lease of a temporary primary residence;
- (2) Issue an advance payment of no less than four months of the insured's additional living expenses benefits; and
- (3) Provide additional living expenses benefits for a minimum of thirty-six months,

in the event the insured suffers a total loss from a peril covered under the homeowners insurance policy and for which a state of emergency was declared.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; State Farm;



United Policyholders; and five individuals. Your Committee received testimony in opposition to this measure from the National Association of Mutual Insurance Companies. Your Committee received comments on this measure from the Hawaii Insurers Council.

Your Committee finds that homeowners who suffer a total loss of their primary dwelling during a declared state of emergency often face prolonged displacement, severe housing shortages, and substantial financial uncertainty. Your Committee further finds that delays in receiving additional living expenses benefits and limitations on how those benefits may be used can impede an insured's ability to secure stable temporary housing during recovery and rebuilding.

Your Committee additionally finds that requiring timely advances of additional living expenses benefits and allowing those benefits to be applied toward longer-term temporary housing arrangements promotes housing stability and reduces financial hardship for affected families. This measure clarifies additional coverage for living expenses in the aftermath of disasters to strengthen consumer protection and support recovery following catastrophic events.

Your Committee notes that the Insurance Division of the Department of Commerce and Consumer Affairs requested a delayed effective date of January 1, 2027, for this measure to allow ample time for insurers to update forms, filings, procedures, and systems.

Your Committee has amended this measure by:

- (1) Clarifying the trigger for the benefits under this measure to be, in part, that the total loss was caused by a peril for which a state of emergency was declared;
- (2) Reducing the minimum required additional living expenses benefits from thirty-six months to twenty-four months and specifying that this will be subject to the policy limits;
- (3) Limiting the allowable extensions of additional living expenses benefits such that the additional living

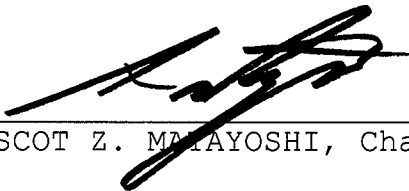


expenses benefits is no more than a total period of thirty-six months; and

- (4) 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. 2961, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2961, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



SCOT Z. MATAYOSHI, Chair



