

Honolulu, Hawaii

APR 09 , 2026

RE: S.B. No. 2964
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. 2964, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require homeowners insurers to:
 - (A) Provide policyholders with annual disclosures of replacement cost value and the sufficiency of the policyholders' coverage;
 - (B) Annually offer policyholders the option to increase coverage to the full replacement cost of the property; and
 - (C) Maintain records of disclosures and replacement cost offers for five years; and
- (2) Provide that failure of a homeowners insurer to comply constitutes an unfair or deceptive act or practice in the business of insurance.



Your Committee received testimony in support of this measure from United Policyholders and two individuals. Your Committee received testimony in opposition to this measure from the National Association of Mutual Insurance Companies and American Property Casualty Insurance Association. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Hawaii Insurers Council; and State Farm.

Your Committee finds that widespread underinsurance of residential properties undermines household stability and slows community recovery following natural disasters. Your Committee further finds that many homeowners are unaware that their dwelling coverage may be insufficient to cover the full cost of rebuilding, particularly in light of rising labor, material, and permitting costs unique to the State.

Your Committee notes that policyholders may already request a reevaluation of their insurance needs at the time of policy renewal. Your Committee therefore finds that leveraging this existing process may provide a more appropriate means of promoting coverage levels that are sufficient to address necessary repairs or rebuilding following a loss.

Your Committee has amended this measure by:

- (1) Deleting language that:
 - (A) Annually required homeowners insurers to provide policyholders with a written replacement cost estimate prepared specific to the property with various contemporary cost estimates;
 - (B) Required homeowners insurers to retain the replacement cost estimates; and
 - (C) Subjected violations of those requirements to penalties for unfair or deceptive acts or practices in the business of insurance;
- (2) Requiring insurance producers of homeowners insurance to:
 - (A) On a biennial basis, provide policyholders with a written notice informing the policyholder that the

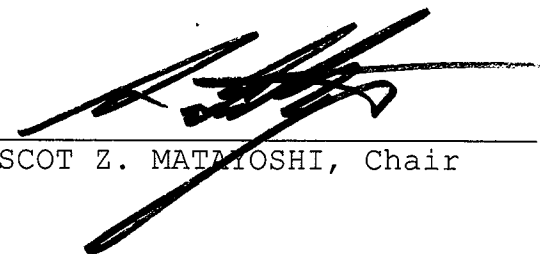


policyholder may submit information regarding improvements made to the insured residential property; and

- (B) Submit policyholder responses to the notice to the homeowners insurer;
- (3) Requiring homeowners insurers to reevaluate the replacement cost for the insured residential property based on the information provided and to offer the option of additional coverage if the existing dwelling coverage limit is less than the replacement cost;
- (4) Establishing an administrative penalty for violations of those requirements;
- (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (6) 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. 2964, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2964, 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. MATSUMOTO, Chair



