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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection & Commerce**

**Tuesday, February 24, 2026
2:00 p.m.**

State Capitol, Conference Room 329 and via Videoconference

**On the following measure:
H.B. 2282, RELATING TO INSURANCE**

Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this measure.

H.B. 2282 makes targeted, technical, and consumer-focused improvements that increase transparency, update licensing enforcement authority, and clarify existing statutory requirements without imposing new fiscal impacts.

Key components of H.B. 2282 include:

- **Premium increase transparency** – Insurers will be required to provide a written explanation of premium increase to policyholders;
- **Licensing and enforcement alignment** – The bill clarifies the grounds and procedures for denial, suspension, and revocation of licenses to ensure consistency across adjusters, independent bill reviewers, and producers;

- **Improved cancellation and nonrenewal notice** – Insurers will be required to state the specific reason for cancellation or nonrenewal; and
- **Technical statutory cancellations** – The bill resolves inconsistencies regarding purchasing group service fee payment dates.

Overall, H.B. 2282 represents a technical modernization measure designed to enhance consumer protection, promote regulatory clarity, and maintain consistency with national standards. For these reasons, the Department supports the passage of H.B. 2282.

The Department respectfully offers the following proposed amendments for the Committee's consideration:

- Page 3, lines 6 through 8: delete the word, "or proposed" and "or application for insurance" to more accurately align the proposed language with the role and responsibility of adjusters and independent bill reviewers;
- Page 3, lines 16 through 19: replace the term "insurance producer" with "adjuster or independent bill reviewer";
- Page 5, line 18 through page 6, line 3: deleting proposed subsection (c) as the proposed language is not applicable to adjusters and independent bill reviewers; and
- Page 10, line 19, correcting the effective date from section 7 to section 6.

The Department appreciates the Committee's consideration of the proposed amendments.

Thank you for the opportunity to testify on this measure.

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A BILL FOR AN ACT

RELATING TO INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding to part II of article 10 a new section to be
3 appropriately designated and to read as follows:

4 "§431:10- Explanation of premium increase. Insurers
5 shall reasonably explain changes in premium upon written request
6 by the policyholder, for any premium increase at renewal."

7 SECTION 2. Section 431:9-235, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§431:9-235 Denial, suspension, revocation of licenses.

10 (a) The commissioner may deny, place on probation, suspend,
11 revoke, or refuse to [~~extend~~] issue or renew any license issued
12 under this article and may levy a civil penalty in accordance
13 with section 431:9-238, for any cause specified in any other
14 provision of this article, or for any of the following causes:

15 ~~[(1) For any cause for which issuance of the license could~~
16 ~~have been refused had it then existed and been known~~
17 ~~to the commissioner;~~

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- 1 ~~(2) If the licensee wilfully violates or knowingly~~
2 ~~participates in the violation of any provision of this~~
3 ~~code;~~
- 4 ~~(3) If the licensee has obtained or attempted to obtain~~
5 ~~any license issued under this article through wilful~~
6 ~~misrepresentation or fraud, or has failed to pass any~~
7 ~~examination required by section 431:9-206;~~
- 8 ~~(4) If the licensee has misappropriated, converted to the~~
9 ~~licensee's own use, or illegally withheld moneys~~
10 ~~required to be held in a fiduciary capacity;~~
- 11 ~~(5) If the licensee, with intent to deceive, has~~
12 ~~materially misrepresented the terms or effect of any~~
13 ~~insurance contract; or has engaged or is about to~~
14 ~~engage in any fraudulent transaction;~~
- 15 ~~(6) If the licensee has been found to have committed any~~
16 ~~unfair practice or fraud as defined in article 13;]~~
- 17 (1) Providing incorrect, misleading, incomplete, or
18 materially untrue information in the license
19 application;
- 20 (2) Violating any law, or violating any rule, subpoena, or
21 order of the commissioner or of another state's
22 commissioner;

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- 1 (3) Obtaining or attempting to obtain a license through
2 misrepresentation or fraud;
- 3 (4) Improperly withholding, misappropriating, or
4 converting any moneys or properties received in the
5 course of doing business;
- 6 (5) Intentionally misrepresenting the terms of an actual
7 ~~or proposed~~ insurance contract ~~or application for~~
8 insurance;
- 9 (6) Having been convicted of a felony;
- 10 (7) Having admitted to or be found to have committed any
11 insurance unfair trade practice or fraud;
- 12 (8) Using fraudulent, coercive, or dishonest practice or
13 demonstrating incompetence, untrustworthiness, or
14 financial irresponsibility in the conduct of business
15 in this State or elsewhere;
- 16 (9) Having an ~~insurance producer~~ adjuster or independent
17 bill reviewer license or its equivalent denied, placed
18 on probation, suspended, or revoked in any other
19 state, province district, or territory;
- 20 (10) Forging another's name on an application or on any
21 document related to a transaction;

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1 (11) Improperly using notes or any other reference material
2 while taking an examination for an insurance license;

3 (12) Accepting insurance business from a person who is not
4 licensed;

5 (13) Failing to comply with an administrative or court
6 order imposing child support obligation;

7 (14) Failing to pay federal or state income taxes or
8 failing to comply with any administrative or court
9 order directing payment of federal or state income
10 taxes;

11 (15) For any cause for which issuance of the license could
12 have been refused had it then existed and been known
13 to the commissioner;

14 [~~7~~] (16) If in the conduct of the licensee's affairs under
15 the license, the licensee has shown oneself to be a
16 source of injury and loss to the public; or

17 [~~8~~] (17) If the licensee has dealt with, or attempted to
18 deal with, insurance or to exercise powers relative to
19 insurance outside the scope of the licensee's
20 licenses.

21 (b) ~~[The license of any partnership or corporation may be~~
22 ~~suspended, revoked, or refused for any of the causes that relate~~

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1 ~~to any individual designated in the license to exercise its~~
2 ~~powers.]~~ The commissioner may act pursuant to subsection (a) by
3 an order, provided that, prior to issuing the order, the
4 commissioner shall notify the applicant or licensee in writing
5 of the commissioner's intent to act under subsection (a). The
6 applicant or licensee may make written application to the
7 commissioner for a hearing before the commissioner to determine
8 the reasonableness of the commissioner's action within ten days
9 of the date of receipt of the notice. The hearing shall be held
10 within thirty days of receipt of the written application and
11 shall be held pursuant to chapter 91. If no written application
12 for a hearing is made to the commissioner within ten days of
13 receipt of the notice, the commissioner may proceed with issuing
14 the order; and, unless otherwise provided by law, the
15 commissioner shall without further review or hearing renew,
16 reinstate, or grant the license only upon receipt of an
17 authorization from the administering agency.

18 ~~(c) The license of a business entity may be sanctioned~~
19 ~~pursuant to subsection (a) if the commissioner finds, after~~
20 ~~hearing, that any licensee working under the business entity has~~
21 ~~engaged in misconduct under subsection (a) that was known or~~
22 ~~should have been known by one or more of the entity's partners,~~

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1 ~~officers, or managers acting on behalf of the entity and the~~
2 ~~violation was neither reported to the commissioner by the entity~~
3 ~~nor corrective action taken by the entity.~~

4 (c) ~~(d)~~ The holder of any license, which has been revoked
5 or suspended, shall surrender the license certificate to the
6 commissioner at the commissioner's request.

7 (d) ~~[The commissioner may suspend, revoke, or refuse to~~
8 ~~extend any license for any cause specified in this article by an~~
9 ~~order:~~

10 ~~(1) Given to the licensee at least fifteen days prior to~~
11 ~~the order's effective date, subject to the right of~~
12 ~~the licensee to have a hearing as provided in section~~
13 ~~431:2-308. The license shall be suspended pending the~~
14 ~~hearing; or~~

15 ~~(2) Made after a hearing as provided in section 431:2-308.~~
16 ~~The effective date of the order shall be ten days~~
17 ~~after the date the order is given to the licensee.~~
18 ~~The order may be appealed to the circuit court of the~~
19 ~~first judicial circuit of this State as provided in~~
20 ~~chapter 91.]~~

21 (e) The commissioner shall retain the authority to enforce
22 the provisions of and impose any penalty or remedy authorized by

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1 chapter 431, 432, or 432D, against any person who is under
2 investigation for or charged with a violation of chapter 431,
3 432, or 432D, even if that person's license or registration has
4 been surrendered or has lapsed by operation of law."

5 SECTION 3. Section 431:9-238, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) In addition to or in lieu of [~~suspension, revocation,~~
8 ~~or refusal to extend any license, after a hearing,~~] an action by
9 the commissioner under section 431:9-235, the commissioner may
10 levy a fine upon the applicant or licensee in an amount not less
11 than \$100 and not more than \$10,000."

12 SECTION 4. Section 431:9A-112, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 (b) [~~If the commissioner takes action~~] The commissioner
15 may act pursuant to subsection (a) by an order, provided that
16 prior to issuing the order, the commissioner shall notify the
17 applicant or licensee in writing of the [~~reason for that~~
18 ~~action.~~] commissioner's intent to act under subsection (a). The
19 applicant or licensee may make written [~~demand upon~~] application
20 to the commissioner for a hearing before the commissioner to
21 determine the reasonableness of the commissioner's action within
22 ten days of the date of receipt of the notice [~~for a hearing~~

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1 ~~before the commissioner to determine the reasonableness of the~~
2 ~~commissioner's action].~~ The hearing shall be held within thirty
3 days of receipt of the written [~~demand~~] application and shall be
4 held pursuant to chapter 91 [~~, and following that action,~~]. If
5 no written application for a hearing is made to the commissioner
6 within ten days of receipt of the notice, the commissioner may
7 proceed with issuing the order; and, unless otherwise provided
8 by law, the commissioner shall without further review or hearing
9 renew, reinstate, or grant the license only upon receipt of an
10 authorization from the administering entity."

11 SECTION 5. Section 431:10-226.5, Hawaii Revised Statutes,
12 is amended to read as follows:

13 **"§431:10-226.5 Notice of cancellation or nonrenewal;**
14 **notice of cancellation or nonrenewal for policies of property**
15 **insurance.** (a) Except as provided in subsection (b), in the
16 case of cancellation of a policy, the insurer shall give written
17 notice to the insured not fewer than ten days before the
18 effective date of cancellation. For nonrenewal of a policy, the
19 insurer shall give written notice to the insured not fewer than
20 thirty days before the effective date of nonrenewal. If under
21 title 24 or a policy, a longer time period is required for a
22 notice of cancellation or nonrenewal for the policy, the longer

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1 period shall be applicable. Cancellation or nonrenewal shall
2 not be deemed valid unless evidence of mailing the written
3 notice is provided.

4 (b) This subsection shall only apply to policies of
5 insurance on property used for residential purposes, including
6 multi-family residential properties. In the case of
7 cancellation of a policy, the property insurer shall give
8 written notice to the insured not fewer than twenty days before
9 the effective date of cancellation. In the case of cancellation
10 of a policy due to nonpayment of premium or material
11 misrepresentation, the property insurer shall give written
12 notice to the insured not fewer than ten days before the
13 effective date of cancellation. For nonrenewal of a policy, the
14 property insurer shall give written notice to the insured not
15 fewer than thirty days before the effective date of nonrenewal.
16 If under title 24 or a policy, a longer time period is required
17 for a notice of cancellation or nonrenewal for the policy, the
18 longer period shall be applicable; provided that the longer
19 period shall be applicable only to the insurer. Cancellation or
20 nonrenewal shall not be deemed valid unless evidence of mailing
21 the written notice is provided.

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1 (c) All notices of cancellation or nonrenewal shall
2 clearly state the specific reason or reasons for cancellation or
3 nonrenewal."

4 SECTION 6. Section 431K-7.1, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) If the service fee is not paid on or before [~~August~~
7 ~~16 of the year in which payment is due,~~] the extension date, a
8 penalty shall be imposed in the amount of fifty per cent of the
9 service fee. The commissioner shall provide written notice of
10 the delinquency of payment and the imposition of the authorized
11 penalty. If the service fee and the penalty are not paid within
12 thirty days immediately following the date of the notice of
13 delinquency, the commissioner may revoke the registration of the
14 purchasing group and may not reinstate the registration until
15 the service fee and the penalty have been paid."

16 SECTION 7. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 8. This Act, upon its approval, shall take effect
19 on January 1, 2027; provided that **section 7 6** shall take effect
20 upon approval.

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Report Title:

Insurance Code; Insurance; Adjuster; Bill Reviewer; Licensing; National Association of Insurance Commissioners; Notice Requirements; Cancellation; Nonrenewal; Premium Change Notice; ~~Unfair Methods of Competition; Unfair and Deceptive Acts and Practices;~~ Purchasing Groups.

Description:

Amends various provisions of the Insurance Code to update and improve existing provisions. Clarifies grounds for denial, suspension, and revocation of an adjuster and bill reviewer license. Clarifies procedures for denying, suspending, and revoking an insurance producer license. Amends the notice requirements for cancellation or nonrenewal of an insurance policy. Requires insurers to provide explanation of premium increases upon request. ~~Amends the definition of unfair methods of competition and unfair or deceptive acts or practices.~~

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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HB-2282

Submitted on: 2/23/2026 6:35:18 PM

Testimony for CPC on 2/24/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Workers' Comp Physicians	WIMAH - Work Injury Medical Association of Hawaii	Support	Written Testimony Only

Comments:

TESTIMONY OF GARY OKAUMURA, MD

Orthopedic Surgeon, Treating Hawai'i's Injured Workers for Over 30 Years

President, Work Injury Medical Association of Hawai'i

Before the House Committee on Consumer Protection & Commerce

Rep. Scot Z. Matayoshi, Chair

Rep. Tina Nakada Grandinetti, Vice Chair

Hearing: Tuesday, February 24, 2026

Time: 2:00 p.m.

Place: Conference Room 329

RE: Support for HB 2282, With Clarification

Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee,

My name is **Dr. Gary Okaumura**, and I have been an orthopedic surgeon caring for Hawai'i's injured workers for more than three decades. I also serve as the **President of the Work Injury Medical Association of Hawai'i**, representing physicians and healthcare professionals who provide essential care to workers across our state.

I am submitting testimony **in support of HB 2282**, with a request for clarification to ensure that the bill fulfills its intended purpose.

Why Clarification Is Needed

HB 2282 updates several provisions of the Insurance Code, including the standards for denying, suspending, or revoking an adjuster or bill reviewer license. Proposed language in **HRS §431:9-235(7)** references licensees who have *“admitted to or been found to have committed any insurance unfair trade practice or fraud.”*

In Hawai‘i’s workers’ compensation system, we are witnessing **numerous and ongoing examples** of unfair trade practices by adjusters and bill reviewers who are licensed under the Insurance Division. These include:

- Misapplication of the medical fee schedule
- Unjustified denials of medically necessary care
- Failure to follow statutory timelines
- Selective interpretation of rules to reduce or avoid payment
- Conduct that appears biased, retaliatory, or intentionally obstructive

Despite these patterns, the Insurance Division has shown little willingness to intervene. As a result, misconduct goes unchecked, emboldening further violations and eroding the integrity of the entire workers’ compensation system.

Why Insurance Division Oversight Is Essential

Bill reviewers and adjusters in workers’ compensation are **licensed professionals** operating under the authority of the Insurance Division. With that licensure comes a responsibility to act ethically, lawfully, and in good faith.

When they do not, the consequences are severe:

- **Delayed or denied care** for injured workers
- **Improper underpayment** to medical providers
- **Increased disputes and litigation**
- **Higher system costs** for employers and insurers
- **Loss of trust** among all stakeholders

Workers’ compensation billing is a highly regulated area. When licensed reviewers ignore the law or manipulate the process, there must be a mechanism for accountability. Without active oversight, there is no deterrent to misconduct and no remedy for those harmed by it.

What Clarification Should Accomplish

HB 2282 should explicitly affirm that:

- **Unfair trade practices by workers’ compensation adjusters and bill reviewers fall squarely within the jurisdiction of the Insurance Division.**
- **The Division has both the authority and the obligation** to investigate complaints, enforce standards, and discipline licensees who violate Hawai‘i law.
- **Accountability is not optional**—it is essential to maintaining a fair, functional, and trustworthy workers’ compensation system.

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Strengthening oversight will protect injured workers, support ethical providers, and restore confidence in a system that has been strained by years of unchecked misconduct.

Conclusion

HB 2282 is an important step toward modernizing and strengthening Hawai'i's insurance regulatory framework. With clarification to ensure that the Insurance Division actively oversees and disciplines licensed bill reviewers and adjusters in the workers' compensation system, this bill will help restore fairness, transparency, and accountability.

Thank you for the opportunity to testify.

Gary Okaumura, MD

Orthopedic Surgeon

President, Work Injury Medical Association of Hawai'i

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HB-2282

Submitted on: 2/23/2026 6:40:39 PM

Testimony for CPC on 2/24/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cathy Wilson	Individual	Support	Written Testimony Only

Comments:

Support for HB2282, with clarification

I support HB2282, which amends various provisions of the Insurance Code to update and improve existing provisions, including clarifying the grounds for denial, suspension, and revocation of an adjuster and bill reviewer license. I note that proposed Section HRS 431:9—235 (7) states, “Having admitted to or be found to have committed any insurance unfair trade practice or fraud;” We are currently witnessing numerous examples of such “unfair trade practices or fraud” in the workers’ compensation insurance industry by adjusters and bill reviewers licensed by the Insurance Division, which unfortunately is not inclined to deal with such bad conduct. These examples of bad conduct go unchecked and empower more and more bad conduct, resulting in an erosion of the integrity of the workers’ compensation system.

This bill should be clarified that these bad actors in the workers’ compensation system should be held accountable by the Insurance Division for the following reasons:

Oversight by the Hawaii Insurance Division is essential when bill reviewers in the workers’ compensation system are licensed under its authority but engage in improper or unethical conduct. Workers’ compensation medical billing is a highly regulated area that directly affects injured workers, employers, insurers, and healthcare providers. When licensed bill reviewers act in bad faith—such as by misapplying medical fee schedules, issuing unfair denials, ignoring statutory requirements, or demonstrating bias—the impact can be significant, resulting in delayed care, improper underpayment, increased disputes, and erosion of trust in the system.

Because these individuals are licensed through the Insurance Division, the Division has both the jurisdiction and the responsibility to ensure that licensees uphold professional standards and comply with state laws. Without active oversight, there is no effective accountability mechanism to deter misconduct or to intervene when violations occur. This regulatory gap can ultimately harm injured workers, place additional burdens on healthcare providers, increase litigation costs, and undermine the integrity of the workers’ compensation process.

Strengthening oversight ensures that licensed bill reviewers operate fairly, transparently, and within the bounds of Hawaii law. It would allow the Insurance Division to enforce ethical standards, investigate complaints, discipline violators, and protect the public interest. Ensuring proper supervision of these licensed professionals is therefore not only appropriate but necessary to maintain a functional, equitable, and trustworthy workers’ compensation system in Hawaii.

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Thank you for your consideration.

Cathy Wilson