



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 1-844-808-DCCA (3222)
Fax Number: (808) 586-2856
cca.hawaii.gov

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committees on Commerce and Consumer Protection
and
Agriculture and Environment
Wednesday, February 11, 2026
10:00 a.m.
State Capitol, Room 229 and via Videoconference**

**On the following measure:
S.B. 2452, RELATING TO CLIMATE-FRIENDLY INSURERS**

Chair Keohokalole, Chair Gabbard, and Members of the Committees:

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 opposes this bill.

The purpose of this bill is to establish requirements for certain insurers to address climate-friendly financial risk by limiting underwriting and investment in fossil fuel projects and by requiring reporting, certification, and regulatory oversight; require the Department of Commerce and Consumer Affairs, in consultation with the Department of Health, to define certain terms by rule or guidance; establish the Climate-Friendly Insurers Special Fund; and appropriate funds.

The Department shares the Legislature's concern regarding the increasing impact of climate-related risks on Hawaii's insurance markets and consumers. Climate change presents real and growing challenges to insurance availability, affordability, and

solvency oversight. The Department has already taken steps, consistent with the National Association of Insurance Commissioners (NAIC) guidance, to incorporate climate risk into insurer supervision and financial oversight.

However, S.B. 2452 raises significant concerns regarding market stability, regulatory authority, legal exposure, and unintended consequences for Hawaii consumers, which compel the Department's opposition.

S.B. 2452 would prohibit covered insurers from underwriting or investing in any new fossil fuel projects beginning July 1, 2026, and require full phase out all underwriting and investment in fossil fuel companies by 2035.

These mandates extend beyond traditional insurance solvency and market conduct regulation and risk materially reducing insurer participation in Hawaii's insurance market. Many insurers operate diversified national and global portfolios. Conditioning licensure on compliance with Hawaii-specific investment and underwriting prohibitions may incentivize insurers to reduce their footprint in the State or withdraw entirely from certain lines of business. This would reduce competition, increase premiums for remaining insurers, limit coverage options for consumers and businesses, and exacerbate existing availability challenges.

Insurance regulation in the United States has historically focused on insurer solvency, claims-paying ability, market conduct, and consumer protection. S.B. 2452 would shift insurance regulation into industrial, energy, and climate policy enforcement – areas traditionally addressed through other regulatory mechanisms. No other state currently conditions insurance licensure on compliance with mandatory fossil fuel divestment or underwriting prohibitions. The divergence of national regulatory norms risks regulatory fragmentation, Hawaii law conflicting with NAIC accreditation standards, and increased compliance complexity for insurers operating in multiple jurisdictions.

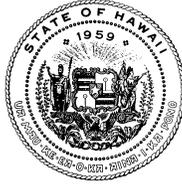
S.B. 2452 creates extensive new responsibilities on the Insurance Commissioner, including: development of emission accounting methodologies, evaluation of insurer transition strategies, and the enforcement of complex divestment and underwriting requirements. These duties would require highly specialized climate, financial, and actuarial expertise beyond the current scope and staffing of the

Department. While S.B. 2452 establishes the Climate-Friendly Insurers Special Fund, it does not ensure sustained, adequate resources necessary to carry out these obligations without diverting attention from the Department's core consumer protection and regulatory functions.

The Department firmly believes that climate-related financial risk can be more effectively addressed through enhanced climate disclosure, coordination with NAIC-led initiatives, governance and risk management expectations, and gradual, nationally consistent regulatory evolution. These approaches promote resilience while preserving market stability and consumer access to insurance.

The Department remains committed to working with the Legislature to address climate-related risks in a manner that is legally sound, operationally feasible, and protective of Hawaii's insurance consumers. However, for the reasons stated above, the Department respectfully opposes S.B. 2452.

Thank you for the opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on SB2452
RELATING TO CLIMATE-FRIENDLY INSURERS**

SENATOR JARRETT KEOHOKALOLE, CHAIR
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SENATOR MIKE GABBARD, CHAIR
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Hearing Date, Time and Room Number: 02/11/2026, 10:00 AM, 229

1 **Fiscal Implications:** Undetermined. This measure may impact or supplant the priorities and
2 requests outlined in the Governors' executive budget request.

3 **Department Position:** The Department of Health ("Department") respectfully offers the
4 following comments.

5 **Department Testimony:** The Environmental Management Division, Clean Air Branch (EMD-CAB)
6 provides the following testimony on behalf of the Department.

7 The Department defers to the Department of Commerce and Consumer Affairs (DCCA)
8 in determining the extent to which this measure fulfills its purpose to promote a stable,
9 affordable, and resilient insurance market in the State of Hawai'i. As the measure's focus is
10 revising Hawai'i's insurance system, DCCA and the Insurance Commissioner are best suited to
11 assess this measure's potential insurance market impacts.

12 The Department understands the severity of climate change and appreciates the
13 measure's intent to make the State more resilient and reduce climate risk. However, we note
14 that there may be unintended consequences if facilities such as power plants and refineries are

1 not able to obtain insurance. They may be forced to shut down before alternatives become
2 available, resulting in shortfalls in electrical supplies or transportation fuels.

3 If this measure is passed, the Department’s assisting role would be to provide
4 consultation to DCCA to define terms including “financed emissions,” insured emissions,” and
5 “science-based climate mitigation targets.” The measure requires the development of
6 definitions and requirements to consider the Partnership for Carbon Accounting Financials
7 methodologies, insurance related initiatives, and other estimation and modeling approaches
8 that are outside EMD-CAB’s core regulatory and technical expertise. Depending on the degree
9 of consultation, applying the standards and methodologies required for consideration by the
10 measure would require specialized expertise beyond the current scope and staffing of the
11 Department.

12 **Offered Amendments:** None

13 Thank you for the opportunity to testify on this measure.

Hawai'i State Legislature
Senate Committee on Commerce and Consumer Protection
Senate Committee on Agriculture and Environment

February 7, 2026

Filed via electronic testimony submission system

RE: SB 2452, Climate-Friendly Insurers Act of 2026 - NAMIC's Testimony in Opposition

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 11, 2026, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

The National Association of Mutual Insurance Companies (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies - including local and regional insurers as well as some of the nation's largest carriers - NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

NAMIC appreciates the concerns policymakers have about the impact of climate-change on the health and safety of citizens of the State of Hawai'i and the environmental risk impact that climate-change has for insurance consumers. NAMIC's members have a long and proud history of being responsible corporate partners with state and local governments to promote climate-responsible business practices that promote the health of the insurance market and the general welfare of policyholders. The insurance industry has been an active steward in promoting *balanced and measured* climate-friendly business practices that address insurance consumer needs. Consequently, NAMIC and its member companies evaluate legislative proposals from the perspective of - how will the substantive provisions in the bill likely impact the health and stability of the insurance marketplace, and the affordability and availability of insurance coverages, which are critical to the personal well-being of citizens and the financial vitality of the state?

Although NAMIC commends the authors of SB 2452 for being socially-conscious leaders in the climate-change discussion, we oppose the proposed legislation because it fails to consider the extreme impact the bill would have on the health of the insurance marketplace. NAMIC and its members appreciate the importance of protecting our environment, but we also need to look out for consumers. We are concerned that the proposed requirement that insurers divest their investment holdings in certain industries would likely have a devastating impact upon the availability and affordability of insurance for consumers.

NAMIC is opposed to SB 2452 for a multitude of legal, regulatory and public policy reasons. For the sake of privity, NAMIC will not go into detail about how the proposed legislation may be in violation of the Hawai'i State Constitution and Article 1, Section 8, Dormant Commerce Clause of the U.S. Constitution, which expressly prohibits a state from creating impediments to interstate and international commerce. However, we would like the Committee to consider the proposed definitions of "fossil fuel company" and "fossil fuel project" in SB 2452 which we believe would have a serious impact upon interstate business contracts and interstate financial services relationships.

"Fossil fuel company" means any entity, including but not limited to corporations, limited liability companies, partnerships, joint ventures, trusts, special purpose vehicles, private equity funds, subsidiaries, associates, affiliates, or any other legal, financial, or organizational structure, that derives ten per cent or more of its revenue from any new or existing fossil fuel project. [Emphasis added to denote the extremely broad nature of the definition]

"Fossil fuel project" means a project, undertaking, activity, or investment designed to facilitate any significant action with respect to fossil fuels or any byproduct thereof ... [Emphasis added to denote the ambiguous and confusing scope of the definition]

NAMIC is concerned that these two definitions, along with many other definitions in the proposed legislation, clearly illustrate the impractical and unworkable nature of the proposed legislation and the clear adverse impact SB 2452 would likely have on businesses operating within and outside the state. In fact, it is difficult to fully conceptualize the complete breadth of the regulatory overreach of this bill, so **NAMIC believes that this committee needs a comprehensive subject-matter facilitated economic evaluation of the likely impact of SB 2452 on the state's economy.**

NAMIC is also very concerned about the legal and public policy implications of the state expressly restricting by statute a specific business industry's access to insurance products necessary for the business to protect the general welfare of citizens and comply with its contractual duties to consumers and investors. Further, NAMIC is concerned that this proposed legislation unconstitutionally interferes with the lawful contractual rights of insurers and businesses.

NAMIC believes that there is a threshold legal question of whether this well-intended legislation is even legal in any form, let alone in its current form that raises Constitutional Equal Protection and Due Process of Law concerns created by targeting *only* certain businesses (fossil fuel related businesses) to be regulated in an extreme manner that could deprive them of their lawful property rights and ability to professionally interact within the state. NAMIC is also concerned from a constitutional law standpoint about how the bill *only* requires insurers to fundamentally change their business practices and contractual relationships to address climate-change, but the bill doesn't require other businesses in state to stop doing contracting with fossil fuel companies.

Consequently, NAMIC respectfully requests that the Hawai'i State Legislature secure a formal legal opinion from the State Attorney General on the legality of SB 2452, because of its potentially broad and extreme financial impact upon businesses, insurers, consumers, employees and municipal governments that do business with fossil fuel companies or have a legal relationship with fossil fuel projects, as defined in the bill.

Additionally, NAMIC has a number of legal, regulatory and public policy concerns with several substantive and procedural aspects of the bill, and their likely adverse impact upon affordability and availability of insurance for consumers. In today's inflationary world, state governments need to be facilitating business activities that promote the creation of a variety of insurance products and price-points for consumers to consider. In contrast, SB 2452 would impose a host of unnecessary and burdensome restrictions on insurers' underwriting, and general financial and business practices that will ultimately limit the marketplace. The bill would specifically require the imposition of state regulations:

(A) Prohibiting covered insurers from underwriting or investing in any new fossil fuel projects after July 1, 2026;

(B) Directing covered insurers to unwind and terminate any outstanding or pending commitments or negotiations to underwrite or invest in new fossil fuel projects by July 1, 2028;

(C) Directing covered insurers to phase out all underwriting and investing for any existing fossil fuel projects and fossil fuel companies by 2035, and establish short-, medium-, and long-term benchmarks; ... [Emphasis added to illustrate how the proposed legislation would directly impact insurer financial solvency requirements and essential business function of underwriting different business risks.]

NAMIC is concerned that the broad scope of these proposed restrictions are antithetical to the maintenance of a robust and competitive insurance market – which is something consumers need during this time of evolving and increasing natural disaster risk of loss exposure.

Additionally, the proposed restrictions on *who* an insurer may underwrite (provide coverage to) or invest in is extremely concerning from a public policy standpoint. Insurers have financial solvency regulatory duties to their policyholders, and the proposed restriction on an insurer's ability to make a reasonably prudent lawful investment decision based solely upon proposed state climate-change policy is concerning. Insurers need investment flexibility necessary to comply with state mandated claims reserves and surplus required to ensure that insurers have the financial resources to pay any and all of their insuring agreement obligations to policyholders.

Further, we have concerns about some of the insurance actuarial and climate-change scientific-risk assumptions that are embedded in the entire proposed legislation. NAMIC, also, has a number of concerns with the definitions of many key terms in the bill, and the methodology used to justify the definition of “covered insurers,” which has arguable anti-competition implications for large national and international insurers, and pro-competition implications for domestic insurers in the state marketplace.

In light of all the legal, regulatory and public policy implications of SB 2452, **NAMIC respectfully requests your NO VOTE on SB 2452 – climate-friendly regulations need to also be society-friendly.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.

Respectfully,

A handwritten signature in cursive script, appearing to read "Christian John Rataj".

Christian John Rataj, Esq.
NAMIC Senior Regional Vice President
State Government Affairs, Western Region



To: The Honorable Jarrett Keohokalole, Chair
 The Honorable Carol Fukunaga, Vice Chair
 Senate Committee on Commerce and Consumer Protection

 The Honorable Mike Gabbard, Chair
 The Honorable Herbert M. "Tim" Richards, III, Vice Chair
 Senate Committee on Agriculture and Environment

From: Mark Sektnan, Vice President

Re: **SB 2452 – Relating to Climate-Friendly Insurers**
 APCIA Position – In Opposition

Date: Wednesday, February 11, 2026
 10:00 a.m., Conference Room 229

Aloha Chairs Keohokalole and Gabbard, Vice Chairs Fukunaga and Richards and Members of the Committees:

The American Property Casualty Insurance Association (APCIA) is opposed to SB 2452 which would impose sweeping mandates on insurers that are neither operationally feasible nor consistent with established principles of insurance regulation.

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

While we share the goal of promoting environmental responsibility and long-term economic resilience, SB 2452 is fundamentally flawed in its structure, scope, and enforcement mechanisms. Among the more problematic elements of the bill are:

- *Imposing outright bans on underwriting or investing in legally operating industries, including blanket restrictions tied to fossil fuel–related activities.* These prohibitions would significantly constrain insurers’ ability to manage risk, diversify portfolios, and allocate capital responsibly. Such inflexible restrictions undermine sound underwriting and investment practices and ignore the complex role insurers play in supporting the broader economy.

- *Mandating forced divestment from existing exposures on rigid timelines, regardless of market conditions, contractual obligations, or fiduciary responsibilities.* Compelling insurers to divest without regard to economic realities could lead to substantial financial losses, increased volatility, and adverse impacts on policyholders.
- *Requiring expansive and prescriptive reporting requirements, including emissions accounting standards that are not currently operationally feasible for insurers.* Insurers do not control or directly measure the emissions of many insured or invested entities, and the bill provides no realistic framework for obtaining accurate, verifiable data. These mandates would impose significant compliance burdens without producing reliable or meaningful information.
- *Imposing severe and nontraditional enforcement mechanisms, including profit-based penalties and the potential restriction, suspension, or revocation of an insurer's license.* These penalties are disproportionate, untethered from actual consumer harm, and far exceed customary regulatory enforcement tools used in insurance oversight.

Finally, SB 2452 represents a troubling regulatory overreach by granting agencies broad, unconstrained authority to define targets, standards, and compliance requirements without clear statutory limits or legislative guidance. This lack of guardrails creates substantial regulatory uncertainty and raises serious concerns about consistency, predictability, and due process.

Taken together, the structure, mandates, and enforcement regime of SB 2452 are so sweeping that the measure would almost certainly increase insurers' operating and compliance costs, expose companies to heightened regulatory risk, and force difficult decisions about continuing to do business in Hawai'i. The likely downstream effects would be higher premiums, reduced product availability, and fewer coverage options for consumers and businesses across the state—outcomes that run counter to Hawai'i's economic and consumer protection goals.

For these reasons, we respectfully urge the Committees to hold SB 2452.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

Wednesday, February 11, 2026
10:00 a.m.

SB 2452

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection, and Chair Gabbard, Vice Chair Richards, and members of the Committee on Agriculture and Environment, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** this bill. This bill imposes onerous provisions on licensed insurers in Hawaii for underwriting, investing, and penalties related to fossil fuels. The bill states that the purpose of the bill is to "...promote a stable, affordable, and resilient insurance market in the State..." In fact, this bill may have the opposite effect by restricting licensed insurers.

Property and casualty insurance in Hawaii is heavily regulated for those insurers licensed in the state. If licensed insurers choose to exit Hawaii, the insurers who may offer insurance here would be excess and surplus lines insurers, or *unlicensed insurers*. As Hawaii has already seen in the condo building insurance market, unlicensed insurers can charge whatever they wish and are not bound by any state law or regulation. While the unlicensed

market may provide needed coverage, availability, terms, and affordability may be huge issues for consumers.

Hawaii is a very small market for property and casualty insurance as compared to the rest of the nation and world. In addition, Hawaii is a highly regulated insurance market for licensed insurers, and its legislative and judicial environments are considered challenging by other states. Finally, in addition to a very small property and casualty insurance market, Hawaii has a high concentration of premiums written by a handful of insurers. This means that competition is limited, and any exit of insurers will further limit consumer choices. This measure could have an adverse impact on insurers who wish to continue writing business in Hawaii and a shrinking market could have devastating and long-term impacts on those who live here.

We ask that this bill be held. Thank you for the opportunity to testify.

LATE

SB-2452

Submitted on: 2/10/2026 1:24:37 PM

Testimony for CPN on 2/11/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Testifying for 350Hawaii	Support	Written Testimony Only

Comments:

350Hawaii strongly supports SB2452 that establishes requirements for certain insurers to address climate-related financial risk by limiting underwriting and investment in fossil fuel projects and by requiring reporting, certification, and regulatory oversight. Insurance companies are supposed to protect us from catastrophic risks. Yet when it comes to the largest threat to humanity – climate change – insurers are perpetuating dependence on fossil fuels by insuring new coal, oil and gas projects.

Insurance companies should insure our future, not fossil fuels. SB2452 will promote a stable, affordable, and resilient insurance market in the State by addressing climate-related financial risks associated with insurer underwriting and investment practices, and by requiring enhanced transparency and regulatory oversight.

We urge the committee to PASS this important measure.

Thank you for the opportunity to testify.

SB-2452

Submitted on: 2/8/2026 6:00:29 PM

Testimony for CPN on 2/11/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Brett Kulbis	Individual	Oppose	Written Testimony Only

Comments:

Chair Keohokalole and Chair Gabbard and Committee Members,

My name is Brett Kulbis, I'm a 26yr retired Navy Veteran, who took a solemn oath to defend the Constitution from all enemies foreign and domestic, and that oath didn't expire when I retired. I live in Ewa Beach.

I STRONGLY OPPOSE BILL SB-2452.

I share the Legislature's concern about the instability of the property insurance market, but I believe this bill will produce serious unintended consequences that will ultimately harm Hawaii's families, homeowners, and small businesses.

First, SB-2452 will drive insurers out of Hawai'i or cause them to reduce their presence. The bill mandates that "covered insurers" stop underwriting or investing in any new fossil fuel projects after July 1, 2026, unwind outstanding commitments by July 1, 2028, and phase out all underwriting and investing for existing fossil fuel projects and fossil fuel companies by 2035. These mandates, combined with broad rule-making authority to expand covered sectors over time, make Hawaii a much riskier and more politically constrained place to do business. In a small, already challenged insurance market, national carriers can simply choose to write less business here or exit altogether, reducing competition and choice for consumers.

Second, SB-2452 will increase insurance costs and worsen housing affordability. Hawai'i is already experiencing an insurance crisis, with sharp premium hikes and widespread non-renewals that are putting pressure on homeowners, condo associations, and renters. SB-2452 adds substantial compliance costs and restricts insurers' ability to diversify investments and underwriting, which raises their cost of capital and operating risk. The bill's penalty structure—tying fines to an insurer's market share and net profits, adding daily penalties, and allowing up to 25 percent of premiums on new fossil fuel projects to be clawed back—further increases the cost of doing business. Insurers will pass those costs on through higher premiums and deductibles, feeding directly into higher mortgage payments, association fees, and rents, at a time when many local families are already on the edge.

Third, SB-2452 will increase reliance on state backstops and, ultimately, taxpayers. As private insurers restrict coverage or withdraw, more risk shifts to state-linked entities and programs that step in when the private market fails. By shrinking and destabilizing the private market further,

SB-2452 will force these mechanisms to take on more exposure to hurricanes, fires, and floods, making future assessments on policyholders or calls on public funds more likely after major disasters. While the bill creates a “climate-friendly insurers special fund” financed by penalties and fees, building climate and community programs on top of punitive revenue from a shrinking insurance base is not a sustainable or transparent way to manage systemic risk.

SB-2452 also grants sweeping authority to the Department of Commerce and Consumer Affairs and the Department of Health to define and later broaden key terms such as “financed emissions,” “insured emissions,” and “science-based climate mitigation targets,” and to add new “high-emitting” sectors over time. This open-ended delegation, backed by very strong enforcement powers, creates long-term regulatory uncertainty that will deter investment and participation in Hawaii’s insurance market and in sectors that depend on it.

I respectfully urge you to defer SB-2452.

Respectfully,

Brett Kulbis