



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
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 Ways and Means
and
Judiciary
Wednesday, March 4, 2026
10:35 a.m.**

State Capitol, Conference Room 211 and via Videoconference

**On the following measure:
S.B. 2948, S.D. 1, RELATING TO INSURANCE FRAUD**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz, Chair Rhoads, 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' Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to increase the scope of insurance fraud and certain offenses; augment offenses by contractors and insurers during a declared emergency; clarify the penalties for the offense of insurance fraud and the capabilities and operations of the Insurance Fraud Investigations Branch, including the annual report to the Legislature and the protection of sensitive information; add protection for insurance fraud whistleblowers; authorize the Insurance Commissioner to establish a centralized database for authorized agencies to track insurance fraud data; and appropriate funds.

The Department appreciates the Legislature’s continued attention to the serious impacts of insurance fraud on Hawaii consumers. Fraudulent claims increase costs across the insurance system and ultimately contribute to higher premiums for honest policyholders.

Importantly, Hawaii already maintains a statewide insurance fraud enforcement program through the Insurance Fraud Investigations Branch (“Fraud Branch”), which conducts investigations and prosecutions involving all lines of insurance except workers’ compensation. The Fraud Branch reviews referrals from insurers, agencies, and the public and opens investigations where criminal conduct is suspected.

During FY 2024–2025, the Fraud Branch:

- Received 711 fraud referrals statewide
- Obtained criminal indictments against 33 individuals
- Collected restitution, fines, and fees benefiting the State and crime victim programs

The Fraud Branch also works proactively to prevent fraud through public outreach, informational presentations, and participation in national fraud prevention partnerships.

The Department appreciates the intent of this bill but has concerns that some of the amendments are covered by existing statutes and may inadvertently cause some confusion or overlap with existing regulatory obligations. The bill introduces a “centralized insurance fraud database” and data sharing requirements solely limited to insurance fraud matters in Part III, Section 4 (page 6, line 10). This expands the Commissioner’s authority over access to information while simultaneously circumscribing discretion by setting strict confidentiality obligations and narrow purposes for which the information can be used.

The Department appreciates the authority to deploy fraud analytics or predictive analytics and case-flagging system in paragraph (c) (page 13, lines 4 to 11) but has concerns regarding practical implementation. This would require the insurance

industry's cooperation and unfettered access for the Department to all claims data for comprehensive analysis as contemplated by this provision. Further coordination with insurers, policyholders, and regulatory authorities, may therefore be required to implement this provision.

Thank you for the opportunity to testify on this bill. The Department looks forward to continuing its work with the Legislature to strengthen Hawaii's insurance fraud prevention framework while ensuring statutory clarity, effective implementation, and appropriate coordination among agencies.