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**Testimony of the Department of Commerce and Consumer Affairs
Before the
House Committee on Consumer Protection & Commerce
Tuesday, March 17, 2026
2:00 p.m.
Conference Room 329 and via Videoconference**

**On the following measure:
S.B. 2948, S.D. 2, RELATING TO INSURANCE FRAUD**

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 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 certain amendments may duplicate existing statutory authority and create potential confusion or overlap with existing regulations. Specifically, the provision establishing a “centralized insurance fraud database” and formalizing data sharing, confidentiality, and dissemination of fraud-related information in Part III, Section 4 (page 6, line 10) may be unnecessary because the current statutes already address these concerns. Hawaii Revised Statutes (HRS) §431:2-403 through §431:2-409 of the Insurance Code already authorizes the Commissioner to receive reports of fraud and related information, conduct investigations and share information with law enforcement, and addresses confidential treatment and disclosure of such information.

The Department also 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 its practical implementation. This would require the

insurance industry's cooperation and unfettered access for the Department for every insurance claim. At this point, the expertise and expense of "data mining" these claims to obtain a comprehensive analysis, as contemplated by this provision, would be extremely high. Likewise, an unprecedented level of coordination with insurers, policyholders, and regulatory authorities, would 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.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 2948, S.D. 2, RELATING TO INSURANCE FRAUD.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

DATE: Tuesday, March 17, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Christopher J.I. Leong or Christopher T. Han, Deputy Attorneys
General

Chair Matayoshi and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill: (1) expands the scope of insurance fraud and related offenses; (2) adds provisions addressing insurance-related conduct by contractors and insurers during a declared emergency; (3) clarifies the penalties for insurance fraud and the capabilities and operations of the Insurance Fraud Investigations Branch; (4) adds protections for whistleblowers who report suspected insurance fraud; and (5) authorizes the Insurance Commissioner to establish a centralized database for authorized agencies to track and share insurance fraud data.

Bills that impose criminal penalties cannot apply retroactively to conduct occurring before its effective date. To avoid any ambiguity, we recommend inserting the following wording beginning on page 48, line 1:

SECTION 16. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

The current sections 16 and 17 should then be renumbered as sections 17 and 18.

Thank you for the opportunity to provide comments.

March 14, 2026

House Committee on Consumer Protection and Commerce
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: S.B.2948 RELATING TO INSURANCE FRAUD – SUPPORT

Dear Chairman Matayoshi and Committee Members:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by more than 1,200 property and casualty insurers, including many who write business in Hawaii. Working hand-in-hand with our members, strategic partners, and Hawaii state and local law enforcement, we help to detect, prevent, and deter insurance crimes, which cause billions in economic harm to consumers every year. NICB maintains a national insurance fraud reporting database that allows users to report suspected insurance fraud as well as a public hotline.

Therefore, we respectfully request an amendment to page 7 paragraph (c) to include the National Insurance Crime Bureau.

NICB recognizes that contractor fraud continues to be a widespread problem across the country, including in Hawaii. Predatory contractors often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers by inflating invoices or deceiving consumers into agreeing to unnecessary repairs. One tool these bad actors use to exploit consumers is an assignment of benefits, which allows contractors to take control of a consumer's insurance benefits and seek direct payment from the consumer's insurance provider. Dishonest contractors often utilize high pressure tactics and deceit to pressure consumers to agree to signing over their insurance benefits, which then creates the incentive for the contractor to drive up repair costs even higher. Unfortunately, NICB is also seeing an increased number of questionable insurance claims referrals related to unscrupulous contractors working in concert with public adjusters. Accordingly, NICB supports commonsense reforms that will protect against the tactics and abuses that facilitate fraud.

NICB appreciates the work of the Hawaii Insurance Division, and our continued partnership with the Insurance Fraud Investigation Branch to protect Hawaii citizens from unscrupulous actors, especially during a disaster.

Accordingly, NICB supports the strong anti-fraud measures in SB 2948, and we urge its adoption.

We encourage you to utilize NICB as a resource and partner in the fight against insurance crime. If you have any questions or need additional information, please contact me at mariansmith@nicb.org or 847-927-1468.

Sincerely,

Marian Smith

Marian Smith
Director, Office of Strategy, Policy, and Government Affairs
National Insurance Crime Bureau
mariansmith@nicb.org

Hawai'i State Legislature
House Committee on Consumer Protection and Commerce

March 15, 2026

Filed via electronic testimony submission system

RE: SB 2948, Insurance Fraud - NAMIC's Testimony

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 17, 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 completely agrees with the bill authors' findings in regard to the adverse societal impact and insurance affordability implications of insurance fraud committed by policyholders, claimants, third-party vendors, litigation financing lenders, and public adjusters. We fully support the provisions in the bill designed to better address fraud prevention, detection, investigation, prosecution, and development of enforcement strategies against these criminal activities.

NAMIC commends the Senate Committee on Commerce and Consumer, and the State Senate for its amendments to bill to resolves two concerns raised by NAMIC to the committee. Specifically, the committee adopted the following amendments, which are reasonable and appropriate in light of the realities of the insurance transaction process. We would like to see these two amendments in SB 2948, SD-2 retained in the bill as sound public policy:

(2) Deleting language that would have enabled the National Council of Insurance Legislators to access the centralized insurance fraud database; and

(4) Inserting language that clarifies that an insurance professional who reasonably relies on information from a third-party shall not be found to have knowingly omitted material facts).

NAMIC respectfully requests that this committee address the following concern with the bill that needs to be resolved in order to avoid creating unintended adverse legal and regulatory challenges that could become insurance rate-cost drivers for consumers:

Section 431:13-103, Hawaii Revised Statutes: a) The following are defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(15) Failure to comply with timelines during a declared emergency. Failure of any insurer to ensure timely and accurate handling of claims in compliance with reasonable inspection and documentation timelines established by the commissioner during a state of emergency or local emergency duly declared by the governor or a mayor pursuant to chapter 127A.

NAMIC is opposed to the inclusion of this provision in SB 2948, SD-2, because it is unnecessary and overly-broad. Insurers are already compelled to handle claims pursuant to the terms of their policy and Hawai'i law. The broad nature of the provision would give the commissioner the authority to change the "rules of the road" which may result in additional customer confusion and frustration. It would also subject insurers to violations for a single, isolated mistake even if there was no harm to the consumer and/or the reason for missing the timeline was outside of the insurer's control.

We appreciate the bill authors' desire to make sure that claims are adjusted in a timely manner, but the commissioner already has plenty of regulatory tools, including the use of market conduct actions, to supervise and enforce current state insurance code provisions on claims settlements.

We are also concerned about the phrase "accurate handling of claims", because claims adjusting inherently requires subjective analysis of a multitude of facts, contractual provisions, insurance code pronouncements and case law holdings. This section of the bill should be amended to expressly require intentional conduct by the insurers and a demonstrated "pattern and practice" of violations.

For the aforementioned reasons, **NAMIC respectfully supports the bill, if amended to address the concerns stated in this written testimony.**

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,



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

To: Representative Scot Z. Matayoshi, Chair
Representative Tina Nakada Grandinetti, Vice Chair
Committee on Consumer Protection & Commerce

From: Veronica Moore, Individual Citizen

Date: March 15, 2026

RE: Senate Bill 2948 SD2
Measure Title: RELATING TO INSURANCE FRAUD.
Report Title: DCCA; Insurance Division; Insurance Fraud Investigations Branch;
Insurance Commissioner; Insurance Fraud; Declarations of Emergency;
Centralized Database; Whistleblower Protection; Data Security; Contractors;
Penalties; Reports; Appropriation (\$)

To All Concerned,

My name is Veronica Moore and I support Senate Bill 2948 SD2. Thank you for your consideration.

Sincerely,

Veronica M. Moore