

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 3229

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 3229 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Insurance Commissioner to establish a program to investigate complaints, respond to inquiries, and bring enforcement actions against insurers; and
- (2) Establish a working group to identify, assess, and recommend certain risk transfer market mechanisms.

Your Committee received testimony in opposition to this measure from the Insurance Division of the Department of Commerce and Consumer Affairs, Hawaii Insurers Council, NAIFA Hawaii, and National Association of Mutual Insurance Companies.

Your Committee finds that, in the wake of the August 2023 Maui wildfires, it is critical to ensure that the insurance industry is properly regulated to protect consumers. Further, your Committee finds that, as a result of climate change, the State should promote resilient policies to future-proof the State from other catastrophes and determine appropriate incentives to invest in natural infrastructure as part of insurance policies



that mitigate elemental risk. This measure would establish certain procedures to authorize the Insurance Commissioner to respond to consumer complaints and bring enforcement actions, and establish a working group to identify, assess, and recommend certain risk transfer market mechanisms.

However, your Committee notes the concerns raised in testimony stating that the issues addressed in this measure, in its current form, relating to consumer complaints and enforcement are already provided for in the Insurance Code and could lead to confusion and interpretation issues. Further, your Committee finds that the provisions relating to additional living expenses under homeowners insurance policies as proposed in part III of S.B. No. 3230 (2024), should be added to this measure for further discussion. Therefore, amendments to this measure are necessary to address these issues.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have required the Insurance Commissioner to establish a program to investigate complaints, respond to inquiries, and bring enforcement actions against insurers;
- (2) Inserting language requiring that homeowners insurance policies include additional living expenses coverage for at least two weeks for certain losses incurred if a state of emergency is accompanied by an order of civil authority restricting access to the policyholder's home; and
- (3) Inserting an effective date of July 1, 2040, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3229, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,




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JARRETT KEOHOKALOLE, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB3229	CPN, JDL/WAM	2/7/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton				✓
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes