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INSURANCE COMMISSIONER

January 16, 2026

MEMORANDUM 2026-2PC

To: All Motor Vehicle Insurers

From: Scott K. Saiki, Insurance Commissioner *SKS*

Subject: Motor Vehicle Rates Using ZIP Code-Based Rating

The purpose of this Memorandum is to update and clarify the Insurance Division's position regarding the use of ZIP code-based rating in motor vehicle insurance, and to require all motor vehicle insurers to refile any motor vehicle rates currently using ZIP code-based rating.

ZIP code boundaries are designed and maintained for the facilitation of postal delivery purposes, without consideration of insurance risk, loss experience, or actuarial principles, and are not intended to function as insurance risk classifications. The use of ZIP code-based rating factors may produce premium differentials among risks that are otherwise similarly situated, without a demonstrated and credible actuarial relationship to expected loss experience. Where rate differentials are not reasonably related to demonstrable differences in risk, the resulting rates are not actuarially justifiable and are therefore unfairly discriminatory under Hawaii Revised Statutes § 431:14-103(a)(1).

Following further review of current motor vehicle insurance rating practices, the Division will no longer accept ZIP code-based rating factors for use in the rating, underwriting, or pricing of motor vehicle insurance in the State of Hawaii.

This Memorandum shall not be construed to prohibit the use of county-based rating factors for motor vehicle insurance, provided such factors are otherwise filed, actuarially supported, and approved in accordance with Hawaii law and applicable regulatory requirements. The Division will continue to accept and review county-based rating factors as part of motor vehicle insurance filings.

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The deadline for motor vehicle rate filings pursuant to this Memorandum is June 30, 2026, and relevant rate changes will be effective for new and renewal policies beginning October 1, 2026.

Rate filings should be submitted through the Systems for Electronic Rates & Forms Filing (“SERFF”) website. The rate filing should include only the removal of the ZIP code-based rating. Please do not include any program or methodology change not related to the removal of ZIP code-based rating.

Thank you for your assistance.

For questions, please contact Grant Shintaku by email at insrpapc@dcca.hawaii.gov.