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## **Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**House Committee on Consumer Protection & Commerce**  
**Thursday, January 30, 2025**  
**2:00 p.m.**  
**State Capitol, Conference Room 329 and via videoconference**

**On the following measure:**  
**H.B. 253, RELATING TO INSURANCE**

Chair Matayoshi and Members of the Committee:

My name is Gordon Ito, 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 allow authorized insurers in the State to offer building and hurricane damage insurance for condominium buildings at a lesser rate than the building's prior surplus lines insurance policy for the same coverage.

While we appreciate the intent of the bill, the Department notes that a statutory provision currently exists which allows admitted carriers the ability to determine a rate outside of its filed program. Under subsection (m) of the Hawaii Revised Statutes (HRS) § 431:10-104, the Insurance Commissioner may, in relevant part, "approve a rate on any specific risk in excess of that set by an applicable rate filing, provided the insured files with the commissioner a written application stating the insured's reasons for consenting to the excess rate." The bill proposes a new provision that bypasses the

approval process and may produce results that, at times, conflict with the Insurance Commissioner's obligation to ensure rates are not excessive, inadequate, or unfairly discriminatory. For example, a rate at fifty percent less than the surplus line may be an inadequate rate or not provide adequate coverage. Furthermore, limiting the amount an admitted insurer may charge to fifty percent of the amount charged by a surplus line insurer may unintentionally distort the perception of pricing in the admitted market.

Thank you for the opportunity to testify.