

# SB2745

Measure Title:	RELATING TO FORCE-PLACED INSURANCE.
Report Title:	Force-placed Insurance; Notice; Financial Institutions; Mortgage Servicers
Description:	Requires financial institutions and mortgage servicers to provide written notice to borrowers regarding the status of their insurance coverage; obtain force-placed insurance subject to certain conditions; and terminate and refund any moneys to the borrower upon receipt of the confirmation of a borrower's existing insurance coverage.
Companion:	<a href="#">HB2203</a>
Package:	None
Current Referral:	CPH, WAM
Introducer(s):	SHIMABUKURO, BAKER, Ihara, Inouye, Kidani, Kim, Nishihara



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
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DEPUTY DIRECTOR

**PRESENTATION OF THE  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016

WEDNESDAY, FEBRUARY 10, 2016  
9:30 a.m.

**TESTIMONY ON S.B. No. 2745  
RELATING TO FORCE-PLACED INSURANCE**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Iris Ikeda, Commissioner of Financial Institutions ("Commissioner"),  
testifying on behalf of the Department of Commerce and Consumer Affairs in providing  
comments on S.B. No. 2745.

Long standing federal law 12 CFR 1024.37<sup>1</sup> (Real Estate Settlement Procedures  
Act of 1974, as amended, 12 U.S.C. 2601 et. seq) requires a notice to borrowers before  
the lender can buy insurance to protect its collateral. This collateral insurance or "force-

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<sup>1</sup> Since November 2013, CFPB (Consumer Financial Protection Bureau) is the lead regulator for 12 CFR 1024.

placed insurance” is hazard insurance obtained by a servicer on behalf of the owner or assignee of a mortgage loan that insures the property securing such loan.

Federal law provides lenders can purchase:

1. Hazard insurance required by the Flood Disaster Protection Act of 1973,
2. Hazard insurance required when the mortgage payment is more than 30 days late, and
3. Hazard insurance obtained by the borrower, but renewed by the borrower's mortgage servicer or lender by borrower's agreement.

Notice must state among other things that lender insurance may cost more than the insurance purchased by the borrower. Further the lender or servicer must provide the following before purchasing the force-placed insurance:

1. Deliver or mail a written notice stating that the borrower must provide evidence of hazard insurance to the lender or servicer or the lender or servicer will have to purchase the hazard insurance;
2. The notice must be provided 45 days before the lender or servicer assesses the fee;
3. The lender or servicer can charge the borrower for the insurance 15 days after the end of the notice date; and
4. The lender or servicer may send a reminder notice 30 days after the date of the first notice.

Further the lender or servicer must cancel the force-placed insurance within 15 days of receiving evidence from the borrower that the borrower has continuous coverage. The lender or servicer must also refund the unused portion of the premium and related fees for the overlapping insurance coverage (if any). The lender or servicer may charge a bona fide and reasonable charge for the servicer's cost for providing the service.

The Division notes that this bill has different provisions than the federal law that the lenders and servicers must comply with. It may cause confusion with consumers who may receive numerous notices about the hazard insurance. The differences with federal law include:

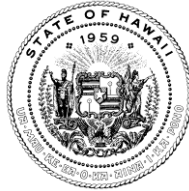
1. The timing of the notices prior to purchasing the hazard insurance. The bill allows for 6 months, the federal law is 45 days. The Division notes that the insurance company will typically not allow the renewal of the insurance until about 30 to 45 days prior to the expiration of the policy.
2. The notice in the bill is by postmark. The federal law is delivery (or mailed).
3. Contents of the notice is different than federal law. The federal notice states how the borrower must show evidence of insurance.
4. The lender will not allow the mortgage to be "bare" (without insurance coverage) during any time of the mortgage. There have been cases where a disaster flood or tornado occurred when the property was not covered for one

day. Where the insurance was not continuous, the borrower still has to pay the mortgage without the property.

Thank you for the opportunity to provide these comments on Senate Bill No. 2745. I would be pleased to respond to any questions you may have.

DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR



CATHERINE P. AWAKUNI COLÓN  
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INSURANCE COMMISSIONER

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TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Wednesday, February 10, 2016  
9:30 a.m.

**TESTIMONY ON SENATE BILL NO. 2745 – RELATING TO FORCE-PLACED  
INSURANCE.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of  
the Insurance Division ("Division").

The Division supports the intent of this bill which ensures that homeowners are  
given proper notice before insurance is force-placed by lenders on their properties and  
defers to the Division of Financial Institutions on the application of Federal notice  
requirements.

Insurance serves a vital purpose in real property transactions. Owners and  
lenders benefit from its coverage whether it is actually accessed or not. During certain  
times, however, lenders may find that expected insurance coverages on properties are  
nonexistent. Then, to protect their interests as well as the owners, lenders purchase  
insurance coverages to be in effect until the property owners make their own purchases.

This bill establishes a procedure where the parties are in communication and  
time is given for owners to make their necessary purchases. Failing that, lenders may  
then proceed to make purchases of reasonably priced insurance. The future

cancellation of the lenders' purchased policies upon presentation of reasonable proof of owners' purchases is in line with § 431:10E-102, Hawaii Revised Statutes, which prohibits the over-insurance of properties.

The refund of premium and fees to owners during the period of over-insurance is also appropriate when it is shown that owners were not given proper notice, pursuant to Federal notice requirements, that insurance needed to be purchased by them on their properties.

We thank this Committee for the opportunity to present testimony on this matter.



**TESTIMONY IN SUPPORT OF SB2745 – RELATING TO FORCED-PLACED INSURANCE**

Senate Committee on Commerce, Consumer Protection, and Health - Room 229

Senator Rosalyn H. Baker, Chair  
Senator Michelle N. Kidani, Vice-Chair

February 10, 2016 at 9:30 a.m.

The Legal Aid Society of Hawai'i (Legal Aid) submits testimony in support of SB2745 – Relating to Forced-Placed Insurance with a request for amendments. My name is Dan O'Meara and I am the Managing Attorney of Legal Aid's Asset Protection Unit, a unit that provides legal assistance in housing, fair housing, foreclosure, consumer and tax issues.

This bill expands on the protections afforded to mortgage borrowers under the federal Real Estate Settlement Procedures Act (RESPA) by allowing up to six months for a borrower to provide insurance on a property if the lender or servicer does not reasonably believe the insurance requirements under a mortgage are being met by a borrower. There is no meaningful dispute as to the need and efficacy for a mortgaged property to be protected by hazard insurance.

However, the concern arises because of the manner of imposing, and high cost of, forced-placed insurance, which can lead to unnecessary defaults by a borrower for many of reasons outlined below.

Legal Aid is a statewide public interest law firm that provides foreclosure assistance to owner-occupants and over the last ten years has assisted over 2,800 clients with foreclosure and homeownership issues through legal advice, representation and housing counseling. Prior to joining Legal Aid, I worked for a private law firm, the Dubin Law Office, defending homeowners in foreclosure. I saw firsthand the effect of the extraordinarily high cost of forced-placed insurance, which was often provided by mainland insurance carriers who are frequently owned, in whole or in part, by the servicer or lender on the loan. I continue to see hardships caused by force-placed insurance with our clients at Legal Aid.

**How Issues with Force-Placed Insurance are manifested**

Notwithstanding the required RESPA notices already provided regarding force-placed insurance, borrowers are still too often burdened by the placement of force-place insurance. The reasons for the challenges are generally:

1. The notices from the lender or servicer appear to be junk mail or a scam and are ignored.
2. The notices are about a topic that is dense to many borrowers. Many consumers receive multiple insurance offers in many forms such as direct mail from insurers or bundles with their bank or credit union, including life insurance, disability insurance, auto insurance, property and auto insurance



bundles, AFLAC, etc. etc. As a result, an insurance notice from a lender or from a servicer can often be ignored.

3. Servicers on loans often change so that a borrower is faced with a multitude of mailings from a shifting group of unexpected and unknown entities. One more mailing regarding insurance can easily be overlooked.
4. Force-placed insurance would not be as significant of an issue for borrowers if the force-placed insurance were not invariably significantly more expensive than the insurance a homeowner provides for themselves. And while being much more expensive, the force-placed insurance coverage provides less coverage for more money.
5. The force-placed insurance is very often placed with an insurance carrier which is a wholly or partly-owned, captive company of the lender or servicer and is not located in Hawai'i. The insurance payments often leave the State. As a result, the opportunity for local insurance agents to provide counsel and advice regarding a borrower's insurance situation often simply does not happen because of a lack of information.

Simple recognition that force-placed insurance is a burden for our residents and can be addressed with some simple tools that can be provided by this bill, with some amendments, will help the residents of Hawai'i (and our local insurance agents and companies) in a tangible way, while demonstrating an understanding of the nuances and hardships of the issue by our State Legislature. Force-placed insurance simply does not have to be as onerous as it has become.

### **Two Suggested Amendments to SB 2745**

If the goal of SB 2745 is to provide a mechanism for lenders and servicers to provide adequate insurance on the applicable property, while providing sufficient notice and protection to the homeowner/borrower, two simple changes to the proposed legislation could work for all parties involved. The main party that could be adversely impacted by the two notices suggested below is the mainland insurance carriers collecting exorbitant premiums from force-placed insurance who might be shut out of the process by local insurance companies and agents.

To meet this goal, we would recommend that either, or both, of the following notice requirements be added to the statute to provide an extra avenue for a borrower to satisfy the insurance requirement in a mortgage, without imposing an undue burden on the lender or servicer. The only burden is providing another notice as described below at the same time as the notices to the borrower required by RESPA.

**Notice #1** – When the lender or servicer is providing the required RESPA notice to the borrower, Hawai'i could require an additional notice to the borrower's most recent insurance provider of the impending need for force-placed insurance. Such notice could explain the potential for force-place insurance and encourage the insurance carrier to inform the homeowner (or have the applicable insurance agent inform the

homeowner) of what will happen if force-placed insurance is imposed on the property. This would lead to another potential avenue of information being provided to the homeowner from a local, trusted source with whom a homeowner has a pre-existing relation. Such notice would give the most recent insurance provider an opportunity to retain a pre-existing customer, while providing an opportunity for a local, trusted insurance to educate the homeowner on how to avoid expensive force-placed insurance and potentially keep the business in Hawai'i.

When the RESPA notice to the borrower is sent out at least 45 days before charging a borrower for force-placed insurance, a separate notice would be required to be provided to the most recent insurance carrier to the effect:

As the most recent provider of insurance on the property located at \_\_\_\_\_, Hawai'i, this notice is provided to you at the same time we are notifying the homeowner that we reasonably believe such homeowner has failed to comply with the contractual requirement to maintain insurance on their property. We are notifying you of this concern to allow you the opportunity to independently contact the homeowner to determine if the matter of proper insurance coverage can be resolved prior to our need to force-place insurance on the property. You are not required to take action, but this notice is required by Section \_\_\_\_\_ of the laws of the State of Hawai'i to allow you an opportunity to contact and educate the homeowner of the risks and costs of force-placed insurance.

**Notice #2** – To address the issue of the high cost of force-placed insurance, Hawai'i could require that the lender or servicer seek a competitive bid from the borrower's most recent insurance carrier, simultaneous with providing the first required 45-day RESPA notice regarding force-placed insurance. To the extent the competitive bid provides adequate coverage substantially similar or better than the lender/servicer's force-placed carrier, the lender/service would be required to accept the lower bid. This could lead to more insurance business staying in Hawai'i rather than automatically going to mainland, captive insurance carriers. The need to seek competitive bids would present the current insurance carrier and/or insurance agent an opportunity to provide a worthwhile service to their customer. This notice could be provided independently of Notice #1 or combined with such notice. Notice #2 would be to the effect:

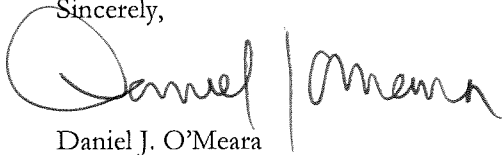
As the most recent provider of insurance on the property located at \_\_\_\_\_, Hawai'i, this notice is provided to you at the same time we are notifying the homeowner that we reasonably believe such homeowner has failed to comply with the contractual requirement to maintain insurance on their property. This notice is required by Section \_\_\_\_\_ of the laws of the State of Hawai'i to allow you the opportunity to provide a competitive bid for the insurance which we intend to force-place on the property. In order for your competitive bid to be considered, it must be received by us at: \_\_\_\_\_  
\_\_\_\_\_

on or before the 15<sup>th</sup> day after the date of this letter. The description of the needed coverage for the competitive bid is attached. If your bid is lower than the bid we receive internally for force-placed insurance, Hawai'i law requires that we place the insurance with you, if it becomes necessary.

Insurance is a simply one of those topics that engenders confusion and concern among not only the Legal Aid clientele but among residents of Hawai'i in general. Tapping into the local insurance community by requiring notice to the insurance carriers for our homeowners will not be overly burdensome for the lenders and services and will provide another source of information and education to those facing challenges to insurance coverage on their home. The suggested changes dovetail with notices already required by RESPA.

Thank you for this opportunity to provide testimony.

Sincerely,



Daniel J. O'Meara  
Managing Attorney, Asset Protection Unit  
Legal Aid Society of Hawai'i

*The Legal Aid Society of Hawaii (Legal Aid) is the only legal service provider with offices on every island in the state, and in 2015 provided legal assistance to over 8,500 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach and education for those in need.*

Presentation To  
Senate Committee on Commerce, Consumer Protection, and Health  
February 10, 2016 at 9:30 AM  
State Capitol Conference Room 229

**Testimony in Opposition to Senate Bill 2745**

TO: The Honorable Rosalyn H. Baker, Chair  
The Honorable Michelle N. Kidani, Vice Chair  
Members of the Committee

My name is Edward Pei and I am the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing eleven FDIC insured depository institutions with branch offices in the State of Hawaii.

Force place property insurance is a rare event that occurs only when the borrower cancels the required homeowners insurance and the lender is forced to obtain insurance on the property. Even if the borrower fails to make the monthly payment, the lender continues to pay the premium on the homeowners insurance until the borrower cancels the insurance or the property is sold. The bank does not have the right to cancel the insurance and thus, it is solely within the power of the borrower whether the bank is forced to obtain forced place insurance.

The Real Estate Settlement Procedures Act (RESPA) provides federally mandated procedures for force placed insurance. The proposed changes in HB 2203 would conflict with some of the provisions as set forth by RESPA. For example, RESPA provides that the borrower should have 45 days to secure an insurance policy. The six months proposed in this measure is excessive and unnecessary time frame to obtain insurance.

Force placed insurance is much more costly than a policy a borrower may be able to obtain and is used as a last resort. The lender would much prefer the borrower to obtain their own insurance. It is more expensive because there is greater risk for the insurance carriers due to the circumstances for placement. The borrower can totally avoid force placement by not canceling their own insurance policy.

Thank you for the opportunity to submit this testimony and please let us know if we can provide further information.



Edward Y. W. Pei  
(808) 524-5161

# HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

February 10, 2016

Senator Rosalyn H. Baker, Chair

Senator Michelle N. Kidani, Vice Chair

and members of the Senate Committee on Commerce, Consumer Protection, & Health

Hawaii State Capitol

Honolulu, Hawaii 96813

Re: **S.B. 2745 (Force-placed insurance)**

**Hearing Date/Time: Wednesday, February 10, 2016, 9:30 a.m.**

I am Marvin Dang, the attorney for the **Hawaii Financial Services Association** (“HFSA”). The HFSA is a trade association for Hawaii’s consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

The HFSA **opposes** this Bill as drafted.

The purposes of this Bill are to require financial institutions and mortgage servicers to: provide written notice to borrowers regarding the status of their insurance coverage; obtain force-placed insurance subject to certain conditions; and terminate and refund any moneys to the borrower upon receipt of the confirmation of a borrower's existing insurance coverage.

This Bill states that “force-placed insurance, also known as creditor-placed, lender-placed, or collateral protection insurance, is an insurance policy placed by a lender, bank, or loan servicer on a home when the property owner's own insurance is canceled, has lapsed, or is deemed insufficient and the borrower does not secure a replacement policy. Force-placed insurance allows a lender to protect its financial interest in the property.”

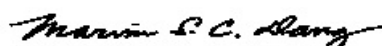
Clearly, if the property owner (“borrower”) doesn’t cancel their own insurance policy, or if their own insurance policy hasn’t lapsed, or if their own insurance is sufficient, or if they obtain a replacement insurance policy, there is no need for the lender to obtain force-placed insurance. The borrower is in control of the situation. The lender only obtains force-placed insurance as the last resort.

Here are our concerns about this Bill:

1. This Bill is inconsistent with national standards for force-placed insurance. Those standards were issued by the Consumer Financial Protection Bureau as Regulation X, which implements the Real Estate Settlement Procedures Act, and which was effective on January 10, 2014. Regulation X provides protections to borrowers in connection with force-placed insurance. There are content and timing requirements in Regulation X. Among other things, Regulation X requires that a notice be sent to a borrower at least 45 days before a lender can charge a borrower for force-placed insurance. Inconsistently, this Bill has a 6 month notice period.

2. We incorporate by reference the various concerns raised in the testimonies of the Mortgage Bankers Association of Hawaii and the Hawaii Bankers Association.

Accordingly, we ask that your Committee “hold” this Bill and not pass it. Thank you for considering our testimony.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association



*Mortgage Bankers Association of Hawaii*  
*P.O. Box 4129, Honolulu, Hawaii 96812*

February 8, 2016

The Honorable Rosalyn H. Baker, Chair,  
The Honorable Michelle N. Kidani, Vice Chair, and  
Members of the Committee on Commerce, Consumer Protection, and Health  
State Capitol, Room 229  
Honolulu, Hawaii 96813

Re: Senate Bill 2745, Relating to Force-Placed Insurance

**Chair Baker, Vice Chair Kidani, and Committee Members:**

I am Linda Nakamura, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service or support the origination and servicing of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation, it is related only to mortgage lending and servicing.

The MBAH opposes Senate Bill 2745. Force-placed insurance allows the lender to protect its interest in the property used as collateral for the mortgage loan if the borrower cancels or allows the insurance policy to lapse. The mortgage document the borrower signs contractually obligates them to have insurance and allows the lender to force-place insurance if there is no insurance.

The bill states that force-placed insurance premiums are more expensive than what a property owner can obtain on their own. Yes, this is a correct statement. However, there are inherent risks with properties with force-placed insurance. Lenders do not profit from force-placed insurance and lenders do not share in the premiums.

The Real Estate Settlement Procedures Act (RESPA) also known as Regulation X (Reg X) was updated with the new Consumer Financial Protection Bureau (CFPB) requirements in 2014. Reg X requires that a notice be sent to the borrowers at least 45 days before a lender can charge a borrower for force-placed insurance. If the lender does not receive the evidence of insurance within 30 days of the 45 day notice, another notice is required to be sent to the borrower. On the 46<sup>th</sup> day of not receiving an insurance policy, the lender can force-place and send a notice of force-placement to the borrower.

The content of each force-place notice is specified by the CFPB and the lender needs to comply and use the specific language provided by the CFPB. Allowing the borrower 6 months to purchase insurance is in direct conflict of the Reg X requirements. No prudent individual would allow their property to be exposed to the various perils with no coverage for 6 months.

With respect to the cancellation of force-placed insurance, Reg X already requires that a lender cancel the force-placed insurance within 15 days of receiving evidence of proper insurance.

Thank you for the opportunity to present this testimony.

LINDA NAKAMURA  
Mortgage Bankers Association of Hawaii

**Testimony of  
Gary M. Slovin / Mihoko E. Ito  
on behalf of  
Assurant, Inc.**

DATE: February 9, 2016

TO: Senator Rosalyn Baker  
Chair, Committee on Commerce, Consumer Protection, and Health  
*Submitted Via [CPHTestimony@capitol.hawaii.gov](mailto:CPHTestimony@capitol.hawaii.gov)*

RE: **S.B. 2745 – Relating to Force-Placed Insurance**  
**Hearing Date: Wednesday, February 10, 2016 at 9:30 a.m.**  
**Conference Room: 229**

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Dear Chair Baker and Members of the Committee:

We offer this testimony on behalf of Assurant, Inc. one of the largest writers of lender placed insurance. Assurant delivers high-quality, specialty protection products and services for consumers and clients to help safeguard against risk – a commitment upheld for more than 120 years.

We submit this testimony in **opposition to S.B. 2745**. With regard to S.B. 2745, we echo many of the sentiments expressed by the Mortgage Bankers, the PCIAA, the Credit Union League, and the Hawaii Financial Services Association; however, we would like to offer a few clarifying points on the matter.

Sections 412:14(a)(3) & (b)(2). In conjunction with one another, these provisions would prevent the placement of insurance within 6 months of written notice from the financial institution to the borrower that the financial institution does not have evidence of insurance coverage on the mortgaged property. The concern with this language is the potential for periods of time in which the property is not covered by insurance and/or free insurance must be placed because of the 6 month lag between the notice and placement. This would mean that damage or loss to the property would not be covered for up to six months. This is an unacceptable risk and potentially damages both the mortgagee and the mortgagor. Insurance can not be placed at no cost as the placing of free insurance is illegal.

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Gary M. Slovin  
Mihoko E. Ito  
C. Mike Kido  
Tiffany N. Yajima

999 Bishop Street, Suite 1400  
Honolulu, HI 96813  
(808) 539-0840



Insurance is not placed until the homeowner breaches their contract with the lender. The lender is contractually and legally entitled to maintain insurance upon its collateral based upon federal law. Lender placed insurance is the only remedy to the borrower's breach of the contract – the procedures for placing it are proscribed by federal law.

Assurant abides by the federally mandated letter cycle in which homeowners are sent 3 letters within 90 days outlining the potential for placement of insurance coverage; the homeowner has the option to obtain insurance on their own accord. It is correct that lender placed insurance is almost always more expensive than insurance the homeowner would otherwise be able to obtain on their own. The reasons for that are outlined below.

Federal law also outlines procedures by which borrowers can demonstrate the existence of coverage.

Section 412:14(b)(1). This section would require that lender placed insurance provide “[r]easonable premium costs and coverage that would be comparable to premium costs and coverage available to the borrower if the borrower had obtained the borrower’s own insurance coverage, along with any reasonable related fees.”

As stated above, the borrower is informed prior to the placement of insurance that the insurance will likely be placed at a higher rate.

Lender placed rates are generally 1.7-1.8 times higher because insurance is placed based upon the last known coverage. The insurance company does not have the ability to underwrite the policies; it is the inability to underwrite the policies that justifies the higher rate. In other words, the insurance company is not able to accurately judge the risk it is insuring. The homeowner can stop this additional cost at any time by abiding by the homeowner's obligation to obtain insurance.

Section 412:14(b)(2) – Lump sum charges. Assurant is unaware of the existence of any lump sum charge for premium costs. Assurant certainly does not engage in this practice or countenance it.

For the foregoing reasons, Assurant is opposed to S. B. 2745. Thank you for the opportunity to present testimony on this matter.

**From:** [shimabukuro2 - Christine](#)  
**To:** [CPH Testimony](#)  
**Cc:** [Kelli-Rose Hooser](#); [shimabukuro1 - Stacy](#); ["Mails Shimabukuro"](#)  
**Subject:** FW: House Bill 2203  
**Date:** Monday, February 08, 2016 9:08:03 AM

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Aloha kakahiaka e Kelli:

Senator Shimabukuro wanted me to submit the testimony below on behalf of Dale Head, who supports [SB 2745](#), the force-placed insurance bill being heard by CPH on Wednesday. Mr. Head is current out of the country and encountered difficulties with the capitol website. Just a note – Mr. Head intended to submit this testimony for both SB 2745, and HB 2203, which is SB 2745's companion in the House.

Please let us know if additional information is needed to process the Senator's request.

Mahalo,  
Christine  
6-6260

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Aloha:

1. I'm writing this email in support of HB2203 [and SB 2745]. I tried using the Capitol website, but am out of country, can't get it to work correctly, and so must send the message via this email.
2. In the realm of Consumer Protection we need this bill to pass to prevent mortgage companies from preying upon borrowers by imposing absurdly expensive 'forced insurance' with murderous lump sum premium payment demands.
3. I myself bought a condo in 1987 and paid it off in 17 years. During those years my mortgage was 'sold' to various banks, seven as I recall, and I would simply receive a letter telling me where to send my mortgage payments. It is customary to have mortgage insurance which protects both the lender and the borrower in case of problems like failed health and other unforeseen events (death). In the past few years however, some banks have been imposing new insurance demands on borrowers whom have been faithfully making payments for a number of years. When this happens and a demand is made for a lump sum payment, it is FRAUD, a ripoff of the consumer.
4. This sleazy stunt was perpetrated on a friend of mine recently and a Florida bank demanded she pay \$9,000 as a lump sum. As she lacked the money to do this, they have now sued her. This is OUTRAGEOUS. The white collar crooks who cooked up this scheme should be taken out and shot, in my opinion. After all, if burglars break into your home, the law allows you to defend yourself. But, the law does not protect consumers from white collar crime.
5. I'm in favor of passage of House Bill 2203.

Sincerely, Dale A. Head  
[Koolmakaha@gmail.com](mailto:Koolmakaha@gmail.com)  
(808) 228-8508

Sent from my iPad

**Deborah L. Ramirez  
Activist Against Foreclosure Fraud  
Homeowner & Resident of Wai'anae**

**I support SB 2745. Who wouldn't?**

Former Hawaii Governor John Waihee has said and continues to say, "Our Courts shouldn't be collection agencies for crooks."

When an **insurance agency** has carte blanche with homeowners' policies greed is tempting and pervasive. Homeowners are then extorted large sums of money or their homes are stolen..."pay this huge amount of money (which they knew nothing about) or we'll foreclose." This is real, but really...whoever thought this up should be sharing a cell with **Bernie Madoff**.

Then, the courts are bogged down with fraudulent foreclosures. As there are insufficient foreclosure laws to PROTECT HOMEOWNERS the Judges "default" to an archaic ruling. If a loan isn't repaid (because of trumped up charges that the homeowner knew nothing about) the Judge rules in favor of **big corporations**, strikes his gavel, and then says, "next".

You can choose to protect the crooks or the consumers. Who will you choose? Remember, crooks don't discriminate they'll take anyone's house. And right now they can take yours too.

This is America. This is Hawaii. ***The life of the land is perpetuated in righteousness***. And yet, the land FRAUD schemes are perpetuated in corruption.

I close with a simple analogy. If you purchase a slice of cheese pizza, but instead you're forced to pay for an entire pie with the works, would you pay for that? No, and you shouldn't have to.

Sincerely,

Deborah Ramirez  
Waianae, HI

From: [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
To: [CPH Testimony](#)  
Cc: [lauracristo61@gmail.com](mailto:lauracristo61@gmail.com)  
Subject: Submitted testimony for SB2745 on Feb 10, 2016 09:30AM  
Date: Monday, February 08, 2016 6:02:51 PM

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**SB2745**

Submitted on: 2/8/2016

Testimony for CPH on Feb 10, 2016 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Cristo	Individual	Support	No

Comments: Mrs. Laura Cristo Waianae, Hawaii United States of America I submit this written testimony in support of SB 2745 "Force-Placed Insurance". Please indulge me. I quickly ask this rhetorical question of all in attendance, do you think it's a good business practice for a company to increase your insurance policy without your knowledge or permission? If this practice is allowed many insurance companies will become very rich and many homeowners will become homeless. I'm very compliant in my professional and personal life. To think that my insurance company is/was allowed to make changes to my policy without my approval is unconscionable. What else will they do? Where does it stop? And who's regulating this? Apparently no one yet and this is one reason why SB2745 must pass. My family has been damaged by foreclosure due to Forced-Placed Insurance. For insurance companies to increase the cost and coverage of insurance without consulting homeowners is wrong. Plain and simple—this is the most powerful country in the world. All countries look to the USA as a model in many ways. So then will other countries think this unethical business practice is acceptable since America allows it? The State of Hawaii must do better. Let Hawaii be the shining example of law-abiding businesses and well protected citizenry. Protect homeowners from unregulated insurance agencies, lenders, and mortgage servicers. For those businesses that continue to violate rules, laws, and common sense sanction them. Force-Placed Insurance also allows companies to add unnecessary charges without informing homeowners thereby laying the foundation for foreclosure. This is very wrong. Strict regulation of Force-Placed Insurance must also be mandated as the consequences for homeowners are far too great. As long as Insurance companies are not sanctioned this unsafe and unsound business practice will erode the great benefits of insurance. Will we need to insure ourselves and our homes against our own insurance? Homeowners in Hawaii continue to be at the mercy of unscrupulous insurance agencies and practices. Force-Placed Insurance is a bad idea. We sorely need an insurance reform starting with mandatory reliable communications between insurance companies and their customers. Without customers a business will fail. Perhaps government-run homeowners' insurance is a better option? SB 2745 must be passed. No one is exempt from Force-Placed Insurance related foreclosure not even this politicians. Thank you. Sincerely, Laura Cristo Waianae, Hawaii

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**Subject:** Submitted testimony for SB2745 on Feb 10, 2016 09:30AM  
**Date:** Monday, February 08, 2016 8:03:01 PM

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**SB2745**

Submitted on: 2/8/2016

Testimony for CPH on Feb 10, 2016 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
W. Ken Koike	Individual	Support	No

Comments: I am in strong support of SB2745! Any financial regulations that favor the common man and woman to protect their hard earned money is worthy of my support! The financial industry needs checks and balances and we need remedies when we're taken advantage of. Please support SB2745!

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