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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection & Commerce
Tuesday, April 2, 2024
2:00 p.m.
State Capitol, Conference Room 329 and via Videoconference

On the following measure:
H.C.R. 72 H.D. 1, Requesting the Insurance Commissioner to Coordinate and
Develop a Wildfire Insurance Compact

Chair Nakashima 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 resolution.

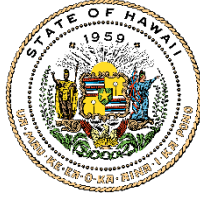
The purpose of this bill is to request the Insurance Commissioner to coordinate and develop a wildfire insurance compact.

While the Department appreciates the intent of this resolution, it notes that information sharing between states currently exists without the assistance of a compact. Moreover, the intended scope of the term "policies and programs" used in this resolution is unclear.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
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LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
CONSUMER PROTECTION AND COMMERCE

Tuesday, April 2, 2024
2:00 PM

State Capitol, Conference Room 329 and Via Videoconference

In consideration of
HOUSE CONCURRENT RESOLUTION 72 HOUSE DRAFT 1 AND
HOUSE RESOLUTION 57 HOUSE DRAFT 1
REQUESTING THE INSURANCE COMMISSIONER TO COORDINATE AND
DEVELOP A WILDFIRE INSURANCE COMPACT

House Concurrent Resolution 72 House Draft 1 and House Resolution 57 House Draft 1 requests that the insurance commissioner coordinate with states with similar wildfire risk and develop a wildfire insurance compact. **The Department of Land and Natural Resources (Department) supports these measures.**

The wildfires of August 8th, 2023, fueled by dry conditions and exacerbated by strong winds from a passing hurricane, led to catastrophic losses, including the lives of at least 101 individuals and the destruction of over 2,200 buildings. The financial toll of this disaster extends into the billions, underscoring a dire need for innovative solutions to manage and mitigate the risks associated with such disasters.

The aftermath of the Lahaina tragedy has placed immense pressure on local insurance markets, threatening the availability and affordability of coverage for our residents. There is a legitimate concern that insurance providers may reconsider their engagement with the Hawaiian market, deeming the risks too high or the costs unsustainable. This potential reevaluation by insurers underscores the urgency of developing a coordinated approach to wildfire risk and insurance coverage.

Developing a wildfire insurance compact represents a proactive step toward securing our state's future amid increasing wildfire occurrences. By pooling risks and sharing informational

technology with states that face similar challenges or possess advanced disaster management systems, Hawai'i can enhance its resilience and ensure the continued availability of essential insurance coverage for its residents.

Mahalo for the opportunity to provide testimony in support of this measure.