



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Finance
Thursday, February 22, 2024
10:00 a.m.

State Capitol, Conference Room 308 and via videoconference

On the following measure:
H.B. 2056, H.D. 1, RELATING TO INSURANCE

Chair Yamashita 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 supports the intent of this bill.


The purpose of this bill is to establish the State Reinsurance Exploratory Working Group to study the feasibility of establishing a state-run reinsurance program to ensure affordable coverage for property owners against catastrophic events, require a report to the legislature, and appropriate funds.

We support the intent of the bill. We note that there are discussions in Congress to create a reinsurance program.

Thank you for the opportunity to testify on the bill.



 808-733-7060
 808-737-4977

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 22, 2024

The Honorable Kyle T. Yamashita, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 2056 HD1, Relating to Insurance

HEARING: Thursday, February 22, 2024, at 10:00 a.m.

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR **supports** House Bill 2056 HD1, which establishes the State Reinsurance Exploratory Working Group to study the feasibility of establishing a state-run reinsurance program to ensure affordable coverage for property owners against catastrophic events. Requires a report to the Legislature. Appropriates funds. Effective 7/1/3000.

As an island state, Hawaii has its unique geographical and environmental challenges, including from the recent Maui wildfires, flooding, lava flows, or other natural disasters. Establishing a Working Group to explore the feasibility of state-run insurance coverage is a proactive and strategic approach to help explore mitigating the liabilities faced by private reinsurance companies and, in turn, ensuring affordable coverage for property owners against catastrophic events.

For the foregoing reasons, the Hawai'i Association of REALTORS® supports this measure. Mahalo for the opportunity to testify.



HB-2056-HD-1

Submitted on: 2/21/2024 5:57:10 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Charmaine Doran	Individual	Support	Written Testimony Only

Comments:

This bill offers very little in ways of a solution ofor those struggling to maintain homeowner policies on the Big Island and throughout the state. With multiple Hurricane, lava disasters and now the Lahaina fires in our history, one would think that as part of the statewide resilience and emergency planning - no more studies would be needed to deal with issues of insurance. However, if this is all the state legislature has to offer, I guess we must take it.

thank you for considering it.

HB-2056-HD-1

Submitted on: 2/21/2024 6:33:14 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
MARILYN JOHNSON	Individual	Support	Written Testimony Only

Comments:

HPIA offers outrageously expensive insurance that only covers property values from \$50K to \$450K. It's considered an insurance offering of last resort, and based on what it offers for outrageous premiums - it definitely IS the last resort for any homeowner. And also likely to be unaffordable.

Unfortunately, everyone in Lava zone 1 and 2 are now faced with this "last resort" offering when their property insurer pulls out of the market. It is not possible to get a policy written by any other agency because the for-profit insurance companies decided there are better locations to make a bigger profit than Lava zone 1 and 2 properties in lower Puna and Ka'u. This includes many thousands of homes that have been allowed to be built by county regulations. Now these homes are at risk of foreclosure if mortgage holders lose insurance. Worse, owners cannot sell to anyone but cash buyers who are willing to self-insure. Hawaii county cannot risk having this many affordable homes removed from the market, simply because for-profit insurers are deciding to pull out of the market.

There must be many creative ideas that should be explored - I'm not an insurance expert. But a working group of experts could develop the best ideas and help solve this problem before more insurers drop everyone who lives in what they decide are high risk areas, included not just lava zone 1 and 2, but also areas at high risk for wildfires, hurricanes, and flooding.

Our climate and vegetation is changing. Lahaina has woken up many people to risks of a changing world. What Lava zone 1 and 2 homeowners are experiencing now will soon be the experience of more homeowners across all the islands. Anywhere that for-profit insurers decide is to risky, people will be faced with this no-win situation. Our house crisis is bad enough. We don't need empty houses that no one can afford to own because insurance isn't available.

Please pass this bill to try to create a solution before this problem spreads further.

HB-2056-HD-1

Submitted on: 2/21/2024 6:42:53 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
David S Davenport	Individual	Support	Written Testimony Only

Comments:

As a resident in Zone 2 in Puna, my only option is HPIA insurance. I support creating an exploratory working group to study the feasibility of establishing a state run reinsurance program to ensure affordable coverage for property owners against catastrophic events. We need competitive rates for our homeowners coverage!

HB-2056-HD-1

Submitted on: 2/21/2024 7:15:31 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Janet Marshall	Individual	Support	Written Testimony Only

Comments:

The cost of insurance is driving Hawaii Island Zone 2 residents to lose their homes. Something smart needs done. This is an effort in that direction. I hope that you will support this bill.

HB-2056-HD-1

Submitted on: 2/21/2024 8:51:36 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Love	Individual	Support	Written Testimony Only

Comments:

Having a group formed to explore the possibility of a state reinsurance program is fine but with the following caveats:

Travel expenses should be in state travel only. Florida would send data about their reinsurance program if asked.

Also, with climate change expected to continue the state should also consider buy back programs for condemned properties. For example if a particular property is known to consistently flood during heavy rain/hurricanes-then rather than allowing rebuilding in those areas the state should condemn them. Condemnation makes more sense than repeatedly rebuilding in a disaster prone area. The same for coastal flooding/wave action.

Thank you very much,

Mrs. Ruth Love

HB-2056-HD-1

Submitted on: 2/21/2024 9:22:42 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dianne Moore	Individual	Support	Written Testimony Only

Comments:

Our insurance has gone from \$1700 a year to \$7100 a year using HPIA as the carrier. As per its state mandate, HPIA was supposed to be a carrier that was reasonable and affordable. It is neither reasonable nor affordable, and will eventually cause the foreclosure of almost everyone in Lava Zone 1 and 2. Everyone else in the State of Hawaii should be very concerned as they are only one disaster away from the same thing happening to them: See Lahaina!!!

HB-2056-HD-1

Submitted on: 2/21/2024 9:27:01 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Allen Moore	Individual	Support	Written Testimony Only

Comments:

Our insurance has gone from \$1700 a year to \$7100 a year using HPIA as the carrier. As per its state mandate, HPIA was supposed to be a carrier that was reasonable and affordable. It is neither reasonable nor affordable, and will eventually cause the foreclosure of almost everyone in Lava Zone 1 and 2. Everyone else in the State of Hawaii should be very concerned as they are only one disaster away from the same thing happening to them: See Lahaina!!!

HB-2056-HD-1

Submitted on: 2/21/2024 9:53:58 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Donald Carroll	Individual	Support	Written Testimony Only

Comments:

I fully support a Exploratory Working Group to study the feasibility of establishing a state-run reinsurance program to ensure affordable coverage for property owners against catastrophic events.

This group should have a Purpose-Driven Mission. To provide property insurance protection to people who are in good faith entitled to obtain coverage through the private market but are unable to do so. While also providing levels of customer service that are comparable to the standards of the private market.

Plus, strive to reduce the financial burden on all Hawaiians by being good stewards of the premium funds entrusted. With the highest level of ethical behavior.

HB-2056-HD-1

Submitted on: 2/22/2024 5:57:35 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Belinda	Individual	Support	Written Testimony Only

Comments:

I have lived in the Pahoia area for 15 years and have been able to afford home owners insurance until now. I had been paying around \$1400.00 a year and now because all the company's that insured this area have left and the only one that will insure us is the state and they want \$7500.00 a year. I simply can not afford this. We need help out here in the Puna district with affordable homeowners insurance.

HB-2056-HD-1

Submitted on: 2/22/2024 6:08:40 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dennis W Carlson	Individual	Support	Written Testimony Only

Comments:

I have lived in Nanawale Estates for 15 years and have always been able to afford homeowners insurance until now. I used to pay around \$1400.00 a year. Sence all the company's that did cover this area left the only place I can get insurance now is through HPIA and they quoted me \$7500.00 a year which I simple cannot afford. They told me that they were no longer insuring homes in zones 1 and 2 in the puna district yet they still insure homes in zones 1 and 2 in all ather areas of the state. This to me is prejudice.

HB-2056-HD-1

Submitted on: 2/22/2024 7:24:16 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul D Crawford	Individual	Support	Written Testimony Only

Comments:

The lack of Insurance will wipe out the home equity savings of a lot of people. Thus causing more economic problems in an area already hit hard by all the recent crises. First the volcano, then the hurricane, followed by Covid. Next up, loss of your home equity due to lack of insurance. Next up, the collapse of the Real Estate Market. In an area that already has a lack of affordable housing.

Paul Crawford

HB-2056-HD-1

Submitted on: 2/22/2024 7:40:39 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Sparks	Individual	Support	Written Testimony Only

Comments:

I am in support of this bill. The Working Group should have some citizens on it but otherwise it is a good idea to work toward the State of Hawaii being independent of large corporate insurance influence. This Working Group should be a start of a financially prudent and economical sensible solution for our insurance needs and hopefully bring about changes necessary to improve the Insurance industry in Hawaii.

HB-2056-HD-1

Submitted on: 2/22/2024 7:57:40 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Cigainero	Individual	Support	Written Testimony Only

Comments:

Dear Committee Chair and Members:

There is a severe crisis among many home owners in acquiring home owner insurance due to the withdrawal of insurance companies that have made their money and now have turned their backs on home owners. Studing the feasibility of a state operated re-insurance program may offer real soluntions for this critical problem. Please support the passage of this legislation.

Thank you for your consideration.

Barbara Cigainero, Keaau, HI

HB-2056-HD-1

Submitted on: 2/22/2024 8:19:19 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Renee Rabb	Individual	Support	Written Testimony Only

Comments:

Dear Chair Yamashita, Vice-Chair Kitagawa, and Members:

Thank you for allowing me the opportunity to testify in support of HB2056 by Rep. Ilagan which creates a working group to study the feasibility of a state-run reinsurance program. We have a real emergency here on Big Island over the lack of affordable insurance. We need solutions that this type of study may provide.

Renee Rabb

Hawaiian Paradise Park

Keauu, HI 96749

HB-2056-HD-1

Submitted on: 2/22/2024 8:33:32 AM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Theresa Doran	Individual	Support	Written Testimony Only

Comments:

Thank you to Representative Iligan and others for considering this and the other insurance measures today. Recently several insurers have vacated the Big Island market. This puts island residents in a precarious position. For owners able to get insurance it is very expensive. This means higher rental and housing costs across the board. For those not able to secure viable insurance, it means that a large segment of our population are at risks for homelessness and financial ruin, in the event of a natural disaster. Additionally, the lack of affordable insurance has begun to impact the real estate market, construction industry and many businesses that are required to have insurance due to mortgages.

We are not alone California, Louisiana, Florida are all experiencing insurance shortages. It is important to note that many of these insurance companies that are now running for the hills, have collected decades of premiums from Hawaii resident without the burden of claims. Considering the tragedy of the Lahaina fires, more insurers will undoubtedly exit the Hawaii market altogether. It is vital that this issue be addressed now.

The Big Island should be the pinnacle of emergency planning and resilient recovery. Having adequate insurance post-disaster, having insurance year round - must be a mandated part of recovery.

Hawai'i's real estate market is a tremendous economic engine for the state. The state legislature should take heed to address these insurance shortages before it dooms the market in its entirety.

Mahalo!