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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Friday, March 22, 2024
9:40 a.m.
State Capitol, Conference Room 229 and via Videoconference

On the following measure:
S.C.R 82, REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO CONVENE A WORKING GROUP TO STUDY AND DEVISE COMPREHENSIVE STRATEGIES TO RESTORE ACCESSIBLE INSURANCE OPTIONS TO RESIDENTS AND COMMERCIAL BUSINESSES IN LAVA ZONES 1 AND 2.

Chair Keohokalole 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 resolution is to request the Director of Commerce and Consumer Affairs to convene a working group to study and devise comprehensive strategies to restore accessible insurance options to residents and commercial businesses in lava zones 1 and 2.

We appreciate the intent of exploring coverage options. However, we note concerns with some of the "various means" proposed for the working group to explore:

1. With respect to “Evaluating the equitable application of policy premiums” (p. 2, lines 28 to 29), the Insurance Division already has a process in place for evaluating the reasonableness and adequacy of policy premiums. It is unclear what the term “equitable application of policy premiums” means in the context of this resolution.
2. With respect to “Decreasing HPIA policy premiums and expanding coverage to commercial businesses” (p. 2, lines 31-32), we note that it may be challenging to decrease HPIA premiums with respect to Lava Zones 1 and 2 while simultaneously adding coverage for additional properties in the same area.
3. With respect to “Exploring the creation of a risk pooling mechanism” (p. 2, line 38), it is unclear what the term “risk pooling mechanism” means in the context of this resolution.

Thank you for the opportunity to testify.