

STAND. COM. REP. NO. 802

Honolulu, Hawaii

FEB 27 2025

RE: S.B. No. 1142
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1142 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE PROCEEDS,"

begs leave to report as follows:

The purpose and intent of this measure is to require mortgage servicers to comply with certain requirements regarding the disbursement of insurance proceeds for residential real estate that has been destroyed or damaged.

Your Committee received testimony in support of this measure from the Council for Native Hawaiian Advancement, Hawaii Public Adjusters, Lāhainā Strong, Mortgage Bankers Association of Hawaii, and twenty-three individuals.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that the 2023 Maui wildfires caused extensive loss of life and damage, and the destruction of infrastructure has hindered victims' ability to rebuild, leaving insurance proceeds sitting in escrow accounts until the rebuilding process is possible. Local banks have been offering interest on the insurance proceeds, but it is not currently required by law. Many survivors also encountered unnecessary delays and confusion when trying to access insurance proceeds to rebuild their homes,



due to the slow release of funds and a lack of transparency by mortgage servicers. This measure will address this inequity by requiring mortgage servicers to disclose the conditions for fund release upfront, to approve repair and rebuild plans within thirty days, and to hold any withheld funds in interest-bearing accounts to benefit the homeowner. These actions will protect families from prolonged financial uncertainty, ensuring they can rebuild without additional setbacks or hardships, and will create a more transparent system that supports homeowners and prevents further displacement of community members following disaster.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1142, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



JARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 1142	Committee Referral: CPN	Date: 2/25/25		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton	✓			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes