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## **Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**Senate Committee on Commerce and Consumer Protection**  
**Friday, February 14, 2025**  
**9:30 a.m.**  
**State Capitol, Conference Room 229 and via Videoconference**

### **On the following measure:** **S.B. 1137, RELATING TO INSURANCE**

Chair Keohokalole and Members of the Committee:

My name is Jerry Bump, and I am the Acting Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department appreciates the intent of this bill and offers the following comments.

The purpose of this bill is to require insurers to notify policyholders of rate changes within 30 days of approval by the commissioner and not less than 30 days before the effective date of the rate change.

The Department notes that admitted Hawai'i insurers typically provide policyholders with a notice of renewal which includes much of the information required in section 2. Even so, we believe that identifying a baseline standard of required information for renewals in article 14 will enhance consumer protection and transparency.

The Department also believes that identifying a baseline standard for the timing of renewal notices in article 14 will promote fairness in the insurance market.

The Department understands and appreciates the intent of requiring notices no later than 30 days after a rate filing program is approved by the insurance commissioner. However, we respectfully submit that this requirement may inadvertently create significant operational challenges for insurers without providing meaningful benefits to policyholders. Once a rate filing is approved by the commissioner, insurers typically need time to operationalize the changes. This process includes updating internal rating systems, testing for accuracy, and ensuring compliance with regulatory requirements. Additionally, issuing notices before insurers have fully validated rate changes could result in inaccurate or unclear information being communicated to policyholders. We respectfully request to amend the following language beginning on page 3, lines 20 to (c) The notification shall be sent at least thirty days before the effective date of the rate change.

Lastly, the Department requests that any requirements imposed for renewal notices be limited to personal lines. Personal insurance policyholders, such as individual homeowners and auto owners, often lack the resources or expertise to navigate unexpected premium increases or changes to their policies. In contrast, commercial policyholders frequently have dedicated risk managers, brokers, or agents who monitor and negotiate coverage terms on their behalf. Restricting renewal notice requirements to personal lines strikes a balance between protecting individual consumers and maintaining flexibility and efficiency for commercial insurance markets.

Thank you for the opportunity to testify.

Hawai'i State Legislature  
Senate Committee on Commerce and Consumer Protection

February 12, 2025

*Filed via electronic testimony submission system*

**RE: SB 1137, Insurance Rate Changes - NAMIC's Testimony in Opposition**

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 14, 2025, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

The National Association of Mutual Insurance Companies consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write approximately \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance.

NAMIC's members appreciate the importance of informed consumer choice and embrace consumer transparency when it is actually helpful, reasonably practical, cost-effective, and consistent with protecting insurer trade secrets and proprietary/confidential information used in an insurer's rating and underwriting practices. Healthy competition between insurers is pro-consumer.

*Transparency for the mere sake of transparency can be counter-productive, confusing to consumers, and detrimental to the competitive health of the insurance marketplace*

NAMIC is opposed to the proposed legislation, because it would establish a number of expensive, impractical, and unworkable mandates. We respectfully submit the following comments:

- 1) Although we appreciate the sponsors' desire to make sure that consumers have what they need to make informed decisions about their insurance needs and to compare insurance options, we are concerned that this bill far exceeds that laudable public policy objective. *How does knowing the percentage rate increase in one's policy assist the consumer in evaluating their insurance needs?*

No other business industry or consumer product in the marketplace requires the seller of the product to provide a percentage increase in the new cost of the product. Why should insurance consumers be burdened with this cost-driver that they seem to live without in every other area of their life?

- 2) Since common experience teaches us all that no one wants to pay more for anything in life, especially for things they didn't expressly request and that don't really benefit them, NAMIC believe that it is imperative for the bill sponsors to offer evidence or data that the vast majority of consumers want, need or would even read a new consumer disclosure that lists percentage changes in their rates, and states all the inflationary variables that impacted the price of the product.



- 3) NAMIC believes that policymakers need to be mindful that compliance with all the provisions of this bill could lead to consumer confusion, especially in regard to disclosing “actuarial considerations” that impacted the rate increase. Arguably, this could require disclosing complex data sets, mathematical computations and analytical formulas that would require years of subject matter expertise to even understand. Who would even read this disclosure? People don’t even read instruction manuals and warranties on their new toys that are not a fraction as complex as the disclosures being contemplated.
- 4) The sponsors of this bill have offered no evidence or data that the vast majority of consumers want, their insurance rates impacted by this needless insurance disclosure mandate that is loaded with insurance rate cost-drivers. No new administrative process and consumer disclosure come free of charge to insurers and their policyholders. So implicit in the decision to impose this cost on consumers is the sponsors’ conclusion that consumers are okay with paying for this disclosure which is unlikely to help them decide between insurance products or carriers to do business with as a consumer.
- 5) NAMIC is concerned that the thirty-days consumer notice requirement is unworkable from an administrative standpoint, and duplicative because it requires the insurer to send the disclosure notice to the consumer thirty-days after rate approval by the Hawaii Division of Insurance AND then again thirty-days before the effectiveness of the rate change. This is likely to confuse the consumer and mislead them into believing that they are experiencing two rate changes.

In closing, NAMIC appreciates that there is a heart-centered belief by some policymakers that more consumer disclosure will make consumers feel better about the fact that insurance products, like everything else in life, is increasing in cost in today’s inflationary worlds, but the simple fact of the matter is that it won’t. If anything - it may anger consumers who understand that “nothing in life is free ...” so the consumer notice they are receiving, which they didn’t even ask for and probably won’t read, is ultimately being paid for by the consumer.

*Does mandating a new insurance rate cost-driver to explain increased insurance rate-cost drivers really make sense? Is it really pro-consumer?*

For the aforementioned reasons, we respectfully request that you **VOTE NO on SB 1137.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC’s written testimony.

Respectfully,

Christian John Rataj, Esq.  
NAMIC Senior Regional Vice President  
State Government Affairs, Western Region

**SB-1137**

Submitted on: 2/11/2025 8:27:49 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Frank Schultz	Individual	Support	Written Testimony Only

Comments:

I support this initiative.

**LATE**

**SB-1137**

Submitted on: 2/11/2025 11:47:58 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

As a condo owner with an HO6 policy and a board member who has to review master policy renewals every year, i applaud this bill. All too often, renewal notices arrive with very short notice. There was a tie when my carrier sent notices out at least 60 days in advance That time period has shortened.

I would ask that you amend the timeline in the bill to provide 60 days advance notice for cancellations, renewals, rate changes, etc. It is harder to find coverage and 30 days may not be enough.

**LATE**

**SB-1137**

Submitted on: 2/13/2025 8:26:12 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Gregory Misakian	Individual	Support	Remotely Via Zoom

Comments:

I support SB1137 and ask for amendments regarding condominium insurance, and specifically master policies for condominium associations and their properties.

Gregory Misakian

**LATE**

**SB-1137**

Submitted on: 2/13/2025 1:16:43 PM  
Testimony for CPN on 2/14/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kealiiokalani Kaauamo	Individual	Support	Written Testimony Only

Comments:

I support this testimony because us civilians and us Native Hawaiian’s deserve th right to be served.