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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Ways and Means**

**Tuesday, April 7, 2026
10:31 a.m.**

State Capitol, Conference Room 211 and Videoconference

**On the following measure:
H.B. 20 H.D. 1, S.D. 1, RELATING TO LAVA ZONE INSURANCE**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this measure.

H.B. 20 H.D. 1, S.D. 1 requires the Legislative Reference Bureau (LRB) to conduct a study on the homeowners insurance market for lava zones 1 and 2 and requires a report to the Legislature.

The Department recognizes the challenges faced by homeowners in Lava Zones 1 and 2, and supports a study to identify mechanisms to bring more insurers into the market. Lava zones 1 and 2 present unique challenges to Hawaii. While the property values are often affordable and appealing, the cost of insurance is often high, reflecting the extremely high risk of these areas.

While the Department welcomes and supports more resources to look into mechanisms to make insurance more available and affordable to those living in Lava zones 1 and 2, the Department respectfully suggests that study include Hawaii County's participation to resolve this issue. Hawaii County has and continues to issue building permits in designated lava zones and should therefore bear some responsibility to address the availability and affordability of residential property insurance in these lava zones. The Department is willing to work with Hawaii County in this respect.

For these reasons, the Department supports this measure. Thank you for the opportunity to testify.

Charlotte A. Carter-Yamauchi
Director

Shawn K. Nakama
First Assistant

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
415 S. Beretania Street
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Written Comments

HB20, HD1, SD1 RELATING TO LAVA ZONE INSURANCE.

Charlotte A. Carter-Yamauchi, Director
Legislative Reference Bureau

Presented to the Senate Committee on Ways and Means

Tuesday, April 7, 2026, 10:31 a.m.
Conference Room 211

Chair Donovan M. Dela Cruz and Members of the Committee:

Good morning, Chair Dela Cruz and members of the Committee. My name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau (Bureau). Thank you for providing the opportunity to submit written **comments** on H.B. 20, Relating to Lava Zone Insurance.

The purpose of this measure is to:

- (1) Require the Bureau, in consultation with actuaries with relevant experience, to conduct a study to:
 - (A) Identify mechanisms to bring more insurers into the market to provide additional options for homeowners in lava zones 1 and 2; and
 - (B) Determine the subsidy required to lower homeowners insurance premium payments for homeowners in lava zones 1 and 2 to rates similar to those prior to the downturn in the insurance market;
- (2) Require the Bureau to submit a report of its findings to the Legislature prior to the Regular Session of 2027; and

- (3) Appropriate an unspecified sum to the Bureau to conduct the study.

The Bureau takes no position on this measure but has very serious concerns and submits the following comments for your consideration.

As a general matter, the Bureau notes that it does not presently have any staff with expertise in or particular knowledge of matters relating to property insurance. Therefore, while the Bureau appreciates that this measure contains an appropriation and an authorization to contract with "actuaries with relevant experience," Bureau staff would still need time to familiarize themselves with the subject matter area to gain the proficiency necessary to draft a Request for Proposals. We further note that we are required to adhere to the State Procurement Code unless specifically exempted. Accordingly, even if sufficient funding is provided, it is highly improbable that the Bureau will be able to scope the undertaking, craft a Request for Proposals, select a contractor, receive and approve the contractor's work product, and deliver it to the Legislature all within the 2027 timeframe presently provided in this measure. Therefore, the present timeframe proposed in the measure is insufficient.

Moreover, the Bureau is not an agency that effectuates policies like those situated in the executive branch and would therefore be extremely ill-suited to opine on matters such as the sufficient amount of subsidies or the identification of mechanisms to attract insurers into the market to provide additional options for homeowners in lava zones 1 and 2.

We note that the Insurance Division of the Department of Commerce and Consumer Affairs, as the executive branch entity responsible for effectuating insurance matters, possesses specific expertise in property insurance matters. Specifically, state law tasks the Insurance Division with regulating insurance rates in a manner that ensures that premiums are fair for both insurers and insureds, and that premiums are not "excessive, inadequate, or unfairly discriminatory."¹ The Insurance Division is required to consider a wide range of data and other factors when doing so, including: (1) past and prospective loss experience within and outside the State; (2) conflagration and catastrophe hazards; (3) reasonable margins for underwriting profit and contingencies; (4) dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to policyholders, members, or subscribers; (5) past and prospective expenses both within the State and nationally; and (6) investment income from unearned premium and loss reserve funds, among other factors.²

Commissioning the study envisioned by this measure would require both working knowledge of these factors and ready access to a wide range of insurance market data, neither of which the Bureau currently possesses or has access. Noting the Insurance Division's statutory responsibilities, expertise and working knowledge in insurance rate regulation, and access to necessary data, we believe that the Insurance Division would be

¹ See section 431:14-101, Hawaii Revised Statutes (HRS).

² See section 431:14-103, HRS.

the best entity to perform, or contract for and oversee, this study. Were the Bureau required to perform the study instead of the Insurance Division, the Bureau would likely have to rely on the Insurance Division for data, advice, and recommendations throughout the entire process, resulting in inefficiencies and delays in completing the study.

Accordingly, we respectfully request that this measure be amended to provide for the Insurance Division, rather than the Bureau, to be tasked with this effort. This amendment would allow for the study to be completed more efficiently, reduce the potential for things to get lost in translation between the Bureau and the Insurance Division, allow for faster completion of the study, and facilitate recommendations to be transmitted to the Legislature sooner.

Thank you again for your consideration.

TESTIMONY IN SUPPORT OF HB20 – RELATING TO LAVA ZONE INSURANCE

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Sabine Nagasawa, and I am submitting testimony in **strong support of HB20**, relating to lava zone insurance.

Residents of Hawai'i Island living in Lava Zone 2 are facing a growing insurance crisis. Homeowners in these areas often have **only one option for coverage**, the Hawaii Property Insurance Association (HPIA), because private insurers have largely withdrawn due to volcanic risk.

While HPIA was created to provide access to insurance when no private market exists, it is no longer affordable for many residents—especially **elderly, disabled individuals, and those living on fixed incomes**.

Premiums continue to rise, and coverage is limited. HPIA policies currently cap dwelling coverage at approximately \$450,000, which is often far below the actual cost to rebuild a home in Hawai'i.

At the same time, homeowners are required to carry sufficient insurance to meet mortgage requirements, leaving many families financially trapped.

For vulnerable populations, this creates an impossible situation:

- Seniors on Social Security cannot absorb increasing premiums
- Disabled residents face fixed or limited income with no flexibility
- Long-time residents risk losing their homes due to unaffordable insurance costs

In many cases, residents must choose between:

- Paying excessively high premiums, or
- Going uninsured and risking total financial loss

This is not sustainable and threatens housing stability in our communities.

HB20 is a critical step forward because it proposes the creation of a **lava zone insurance fund to help subsidize premiums** for homeowners in Lava Zones 1 and 2.

This type of support is urgently needed to ensure that residents are not forced out of their homes simply due to geographic location and lack of market alternatives.

Without intervention:

- More residents will be displaced
- Housing insecurity will increase
- Entire communities, especially in Puna and surrounding areas, will be destabilized

I respectfully urge the Legislature to support HB20 and take meaningful action to make home insurance **fair, accessible, and affordable** for all residents of Lava Zone 2—especially those most vulnerable.

Mahalo for the opportunity to testify.

Respectfully submitted,
Sabine Nagasawa

HB-20-SD-1

Submitted on: 4/4/2026 2:13:01 PM

Testimony for WAM on 4/7/2026 10:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Kari Sochor	Individual	Support	Written Testimony Only

Comments:

Dear Chair and Members of the Senate Committee on Ways and Means,

Mahalo for the opportunity to submit testimony in **strong support of HB20**.

HB20 represents a fiscally responsible and forward-looking investment in Hawai‘i’s long-term economic stability. In Lava Zones 1 and 2, the private insurance market has largely failed to provide affordable or accessible coverage. This has created a cascading economic problem. Homeowners are unable to insure their properties, lenders are unwilling to finance, property values decline, and the State ultimately bears greater financial risk following disasters.

From a budgetary perspective, HB20 is not simply an expenditure, it is a **risk mitigation strategy**.

National data consistently shows that **every \$1 invested in disaster resilience** can save up to **\$13 in future recovery costs**. By stabilizing access to insurance, the State reduces its exposure to emergency aid, housing displacement, and economic disruption following volcanic events. Inaction, by contrast, guarantees higher long-term costs.

Additionally, this measure helps preserve the tax base in vulnerable communities. Without access to insurance, properties become effectively unfinanceable, leading to declining values, reduced property tax revenues and further straining county and state resources.

HB20 also supports economic continuity. Small businesses, working families, and kūpuna living on fixed incomes are disproportionately impacted by the lack of insurance options. Ensuring access to coverage allows these residents to remain in their homes, maintain financial stability, and continue contributing to their local economies.

Beyond the fiscal considerations, there is a human reality that cannot be ignored. During the 2018 eruption, I worked as a security guard in the community and witnessed firsthand the fear, displacement, and uncertainty families experienced. Even years later, many are still struggling. Not because they lack resilience, but because the systems meant to support recovery have gaps. The inability to obtain insurance is one of the most significant of those gaps.

HB20 is a practical step toward closing that gap.

This measure does not eliminate risk, but it allows the State to **manage it responsibly**, rather than absorb it reactively at far greater cost.

For these reasons, I respectfully urge the Committee to pass HB20.

Mahalo for your time and consideration.

HB-20-SD-1

Submitted on: 4/6/2026 10:34:28 AM

Testimony for WAM on 4/7/2026 10:31:00 AM

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

Comments:

Hello Chairperson and Committee Members-

My name is Steve Sparks and I live in Lava Zone 1 in Leilani Estates subdivision. I am in support of Bill HB 20.

I moved to Pahoia in 2000 from Kailua-Kona where I had lived for 5 years. I had read in the newspaper about the Lava Zone Map while in Kona and didn't think much of it. When I bought my house I was not informed of it's Lava Zone designation. I would think that would be in my Title Report but upon checking it is not. Even if it was I probably would have move here anyway because it is so beautiful and the people are great. This was to be my forever home.

I have a \$461.23 mortgage and now have an insurance payment of \$955.00. When I bought my house the insurance was \$305.10. The difference is making it hard to exist on my Social Security income. I may have to move to the mainland and be with family.

Even a little help with the homeowners insurance could make my life easier and more secure.

I know a lot of my neighbors are in the same boat.

I support HB20. Please help us.

Thank you

Steve Sparks

HB-20-SD-1

Submitted on: 4/6/2026 11:30:12 AM

Testimony for WAM on 4/7/2026 10:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Attila C. Denes	Individual	Support	Written Testimony Only

Comments:

Dear Chair and Members of the Senate Ways and Means Committee:

I am a resident of Nanawale Estates in Hawai'i Island's District 4. My Representative is The Honorable Greggor Ilagan. I am writing in support of HB-20, "Relating to Lava Zone Insurance."

Homeowners insurance is becoming increasingly expensive and difficult to obtain throughout the country, and our state is certainly no stranger to this trend. Major disasters like the Lahaina wildfire and the 2018 East Rift Zone lava events in the Puna District of Hawai'i Island have certainly contributed to this. In Puna, many homeowners are being effectively priced out of homeownership not because of increased property values, but because of the cost of homeowners insurance, which is currently available to residents of Lava Zones 1 and 2 exclusively through the state-run insurer of last resort, HPIA. Many homeowners with mortgages, such as myself, are now faced with difficult economic decisions about whether we can continue to call Puna home.

While I have serious trepidations about the substance of HB20 being changed from providing meaningful assistance to affected homeowner to merely funding a study, I nevertheless support the measure to the extent that it keeps the ball moving in the general direction of an actual solution.

I respectfully urge the Committee to vote favorably in advancing this legislation.

/s/ Attila C. Denes

Nanawale Estates, Pahoia, Puna District, Hawai'i

HB-20-SD-1

Submitted on: 4/6/2026 11:40:44 AM

Testimony for WAM on 4/7/2026 10:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Todd Reilly Sr	Individual	Support	Written Testimony Only

Comments:

Aloha

I appreciate the opportunity to heard regarding this crucial matter. The homeowner's insurance fiasco in lava zones 1 & 2. Since the abrupt withdrawal of insurance carriers we are facing a great dilemma. My new HPIA policy's cost is equal to 90% of my mortgage payment. The legislature, using the black box of HPIA has doubled my mortgage on a fixed income. After surviving the eruption and pandemic in my home, Not an easy task, I am now faced with mounting home repairs & dental needs that go unanswered due to my 6k+ HPIA annual penalty This affects working families, fixed income & retired in a way that will destroy the lives of many people We need you to assist us with the problem the legislature's good intentions, while poorly thought out, caused with formation of HPIA. Protect Hawaii home ownership. I appreciate your understanding and thoughtfulness in this important growing problem.

Blessings

Todd Reilly

Nanawale Estates

To the Senate Committee on Ways and Means

Re: HB20

Tuesday, April 07, 2026, at 10:31AM

In support of this Bill.

To the Chairperson,

My name is Stephen Hewitt and I am a full-time resident living in Seaview, Pahoā. I have been here since 2012, and have a home here with the County Estimated value of \$424,100. This value has been increased by almost \$100,000 since last year, reflecting how the property values of this area are rising significantly.

However, I am unable to get insurance for my investment, since I live in Lava Zone 2. Any insurance I was able to find is exorbitant, but nowadays, insurance companies will not cover any properties here since the 2018 eruption, including Lloyd's of London.

With the property values increasing each year, and the increase in building that is happening in Lower Puna, it seems the county's valuation could reflect a rising market for some insurer to want to open their doors to citizens like myself. However, they would usually charge an "arm and a leg" because of the zoning.

I would hope that the committee in charge would investigate a low cost alternative, such as coverage by the state or governmental body, to minimize the risk of investing in Lower Puna.

Sincerely yours,

Stephen Hewitt
April 6, 2026

HB-20-SD-1

Submitted on: 4/6/2026 6:26:33 PM

Testimony for WAM on 4/7/2026 10:31:00 AM

Submitted By	Organization	Testifier Position	Testify
Julia Estigoy-Kahoonei	Individual	Support	Written Testimony Only

Comments:

I am pleading to all of you to please consider supporting this bill which will provide subsidy for home insurance in lava zones 1 and 2. This area is one of the last few places on Hawai'i that is affordable, and because of that the community is growing. I would prefer more locals and kama'aina be the ones to buy in this area and return Waikahi'ula to Hawaiians, and I think that could be a reality as long as other parts of home buying is equally feasible such as insurance. The huge hike has been a burden on so many here in this area, long time homeowners and recent transplants alike. I live in a really community-minded neighborhood but many of the residents are kūpuna on fixed income, such as my husband. How are they expected to meet this expense, find a part time job while in their 70's, 80's? We have to do better, we have to find ways to make living here better for residents amidst the growing cost of food, gas, property tax, shipped goods, etc.

Thank you for your time

Julia Estigoy-Kaho'onei

Waiakahi'ula (Pāhoa)

Moku o Keawe