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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection**

Wednesday, February 25, 2026

9:32 a.m.

State Capitol, Conference Room 229 and via Videoconference

**On the following measure:
S.B. 2960, RELATING TO PROPERTY INSURANCE**

Chair Keohokalole, Vice Chair Fukunaga, 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 **offers comments** on this measure.

The purpose of S.B. 2960 is to establish minimum time frames for policyholders to recover full replacement cost value following a loss due to a declared disaster or emergency. The measure provides a minimum 36-month period to recover replacement cost value for a covered dwelling or structure, allows for extensions for good cause, establishes a one-year period following completion of rebuilding to recovery replacement cost value, and requires insurers to provide timely notice explaining these timelines and extension rights.

The Department recognizes the extraordinary challenges faced by Hawaii residents following catastrophic events. The 2023 Maui wildfires highlighted the

significant barriers that can delay rebuilding, including limited contractor availability, supply-chain disruptions, permitting delays, and financing constraints. Ensuring that policyholders have a fair opportunity to access the replacement cost value benefits of their homeowners' policies is an important consumer protection goal, and the Department shares the Legislature's interest in improving disaster recovery outcomes for Hawaii's residents. At the same time, the Department's statutory role requires consideration of the potential impacts on insurance affordability, availability, and market stability.

Potential consumer benefits of S.B. 2960 include:

- Provides policyholders with additional time to rebuild following disasters, reflecting Hawaii's realistic recovery timelines;
- Reduces the risk that homeowners lose replacement cost value benefits due to delays outside their control; and
- Improves transparency by requiring insurers to clearly notify policyholders of recovery timelines and extension rights.

Market and cost considerations of S.B. 2960 include:

- Extending the replacement cost value recovery period lengthens catastrophe claim timelines and increases exposure to multi-year construction inflation costs;
- Increasing long-term claims uncertainty may place upward pressure on homeowners' insurance premiums over time; and
- Increased statutory mandates and restrictions on insurer practices may raise operational and regulatory risk, which may contribute to higher premiums or reduced insurer participation and capacity in Hawaii's insurance market.

If S.B. 2960 becomes law, the Department anticipates the number of complaints and inquiries related to claims handling and extension determinations to increase, which could have operational and resource implications. The Department requests a delayed

Testimony of DCCA

S.B. 2960

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effective date to allow ample time for insurers to update forms, filings, procedures, and systems.

The Department appreciates the Legislature's efforts to address Hawaii's disaster recovery challenges and looks forward to continued discussion on policies that balance strong consumer protections with long-term insurance affordability and market stability.

Thank you for the opportunity to testify on this measure.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Wednesday, February 25, 2026
9:32 a.m.

SB 2960

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** this bill. This bill would require replacement cost coverage for dwellings, other structures, and personal property for losses as a result of a declared disaster or emergency. The bill also extends coverage to 36 months with 6-month extensions for a total of 60 months for dwellings and other structures. The bill is not subject to policy limits.

Insurance is built on the ability to quantify risk, establish defined coverage limits, and price products accordingly. By eliminating policy limits and requiring open-ended replacement cost coverage, this bill creates unbounded financial exposure for insurers. An insurance policy without defined limits cannot be actuarially soundly priced. As a result, insurers may determine that continuing to offer homeowners coverage in Hawaii is no longer viable.

The regulated property insurance market in Hawaii is very small, and competition is limited. Further regulating licensed insurers in Hawaii may result in fewer companies willing to operate under these onerous provisions. The consequence of that is an unregulated market and as Hawaii has seen recently with condominium buildings, the excess and surplus insurance market will charge what they wish and are not subject to local regulation on rates. This could be devastating to consumers in Hawaii and many homeowners with mortgages could lose their homes because insurance that is required by lenders, is unaffordable.

We ask that this bill be held. Thank you for the opportunity to testify.



917 Irving St.
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www.uphelp.org

February 20, 2026

Committee on Commerce and Consumer Protection
The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Carol Fukunaga, Vice Chair

Submitted via Hawai'i State Legislative Portal

RE: Strong Support for SB 2960 – Property Insurance; Disaster Recovery; Replacement Cost Value; Actual Cost Value; Payment Time Frames

Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

On behalf of United Policyholders¹ (“UP”), I write in strong support of SB 2960, introduced by Senator Angus McKelvey. This measure takes important steps to ensure that homeowners recovering from declared disasters are not unfairly cut off from collecting paid-for policy benefits due to a deadline written into the policy by the drafting insurer that is unrealistic for how long it actually takes to rebuild after a disaster, particularly in light of Hawai'i's unique island conditions.

As the Legislature has recognized, those conditions (high construction costs, limited contractor availability, supply-chain delays, shipping rules and complex permitting processes) slow post-disaster rebuilding. After a large-scale disaster like the 2023 Maui wildfires, recovery frequently takes years, and where a policy deadline for collecting full replacement cost benefits is strictly enforced, policyholders lose access to benefits due to forces beyond their control. SB 2960 establishes a fair and realistic timeline for policyholders to access replacement cost value benefits after a declared disaster or emergency.

The bill appropriately provides up to thirty-six months for policyholders to recover the full replacement cost value of a covered dwelling, allows extensions for good cause, and ensures additional time to recover personal property replacement cost value once rebuilding is complete. It also requires insurers to provide clear notice of applicable deadlines and extension opportunities so that policyholders understand their rights. These protections recognize the practical realities of disaster recovery while maintaining insurer liability within existing policy limits. This bill will bring Hawaii law into conformity with Colorado and California, two other wildfire-prone states. Having consistent rules across wildfire-prone states helps claim adjusters and policyholders, reduces delays and improve outcomes and claim handling.

¹ United Policyholders is a national nonprofit that has advocated for insurance consumers for more than 30 years. Recently in Hawai'i, UP has been actively supporting residents in the aftermath of the 2023 Maui wildfires through our Roadmap to Recovery[®] program, public workshops, and in-person assistance for survivors navigating insurance claims and rebuilding challenges. Our staff and volunteers—including Maui-based partners—have provided free guidance, educational resources, and advocacy to help homeowners understand coverage, secure benefits, and resolve disputes with insurers. We have also filed amicus briefs in Hawai'i courts and engaged with policymakers to strengthen consumer protections and improve disaster-recovery outcomes for residents across the state.



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United Policyholders has worked extensively with policymakers and regulators across the country to implement the reforms this bill contemplates. In Colorado, California and Oregon, extended timeframes for collecting replacement cost benefits have proven essential to ensuring that policyholders can fully rebuild after catastrophic events. These policies reflect a growing recognition that recovery timelines must align with real-world rebuilding conditions, particularly in disaster-impacted communities where labor shortages, material delays, and regulatory processes can significantly slow reconstruction.

SB 2960 reflects these best practices. By establishing realistic timelines and extension mechanisms for accessing replacement cost benefits, the bill will help ensure that Hawai'i homeowners are able to fully utilize the coverage they purchased and rely on as they rebuild their homes and communities.

We respectfully urge your support for SB 2960. Thank you for your leadership on this important issue and for your continued work to protect Hawai'i homeowners and support long-term disaster recovery.

Sincerely,

A handwritten signature in cursive script that reads "Amy Bach".

Amy Bach, Executive Director
United Policyholders

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

February 23, 2026

Filed via electronic testimony submission system

RE: SB 2960, Property Insurance; Disaster Recovery; Replacement Cost Value; Actual Cost Value; Payment Time Frames - 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 25, 2026, 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 (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies - including local and regional insurers as well as some of the nation's largest carriers - NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

NAMIC is opposed to SB 2960, because it mandates increased insurance coverages and claims adjusting practices timelines that many consumers do not need, want or can afford. We are also concerned that the mandates deny consumers the right to personally decide for themselves what insurance coverages they need to address their particular risk of loss exposure and personal financial budget. *The more one increases the mandated scope of insurance coverages – the more one risks making basic insurance coverage unaffordable for many struggling consumers.*

NAMIC has the following concerns with the proposed legislation:

§431:10E- Minimum time frame to capture dwelling replacement cost value. In the event of the total or partial loss of a covered dwelling or other insured structure as a result of a declared disaster or emergency, a policyholder shall have at least thirty-six months from the date the policyholder receives the first actual cash value payment from the homeowners insurer to submit documentation and collect the full replacement cost value... [Emphasis Added]

The authors of the bill have offered no evidence to support the *actual need* for expanding this timeline, especially for partial losses, which should not require the policyholder 3 years of time to submit paperwork and documentation to the insurer.

§431:10E- Extensions for good cause. If the policyholder cannot complete the repair, rebuilding, or replacement within the thirty-six-month period for good cause, the homeowners insurer shall grant a six-month extension to the thirty-six-month period upon the written request of the policyholder. The policyholder may request up to four additional six-month extensions for a total recovery period of no more than sixty months from the date the policyholder received the first actual cash value payment from the homeowner’s insurer. . . [Emphasis added]

Once again, NAMIC is concerned that the proposed legislation is mandating a new and unnecessary claims adjusting requirement that has administrative cost implications that are insurance rate cost-drivers. The longer an insurer is required to keep a claims file open, the greater the staffing costs for the insurer, which becomes an administrative cost that impacts insurance rates. Where is the data that clearly shows that this extension of time is necessary? And where is the data that shows that consumers need up to sixty-months (5 years) to rebuild their homes?

§431:10E- Notice requirements. A homeowner’s insurer shall provide clear, written notice of the replacement cash value time frames to a policyholder no later than thirty days after the homeowner’s insurer is notified of a declared disaster or emergency affecting the insured property... [Emphasis added]

NAMIC is concerned that the language - “after the homeowner’s insurer is notified of a declared disaster or emergency affecting the insured property” is somewhat ambiguous. What does it mean for an insurer to be “notified” and what is the trigger for determining that the disaster “affected” the insurers property? NAMIC recommends that the timeline should start from the date of the filing of the insurance claim by the policyholder. This is a clear date that will remove ambiguity. Also, since many insurers use electronic delivery of insurance documents and notices, we suggest that this provision be amended to expressly allow e-delivery, especially in light of the fact that a major disaster could disrupt mail delivery services.

For the aforementioned reasons, **NAMIC respectfully requests your NO VOTE on SB 2960 – don’t force consumer to pay for unnecessary administrative extensions of time that exceed what other states have reasonably determined is appropriate.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at 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



To: The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
Senate Committee on Commerce and Consumer Protection

From: Mark Sektnan, Vice President

Re: **SB 2960 – Relating to Property Insurance**
APCIA Position: Comments

Date: Wednesday, February 25, 2026
9:32 a.m., Room 229

Aloha Chair Keohokalole, Vice Chair Fukunaga and Members of the Committee:

The American Property Casualty Insurance Association (APCIA) has concerns about SB 2960, which would provide extended timeframes for policyholders to receive full replacement cost, and would like to provide comments.

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

While we share the Legislature’s commitment to supporting policyholders after catastrophic events, SB 2960 would make it significantly more difficult for insurers to continue writing and sustaining business in Hawai‘i, ultimately harming the very consumers the bill intends to help.

APCIA’s Concerns with SB 2960

SB 2960 would require homeowners’ insurers to:

- Allow 36 months for policyholders to submit documentation to recover full replacement cost value for a dwelling after a declared disaster;
- Offer six-month extensions for good cause;
- Provide one year from completion of repairs for submission of documentation related to personal property replacement cost; and
- Disclose all relevant timelines to policyholders.

Although the bill states the *intent* is to keep insurer liability capped at existing policy limits, the bill’s language clearly requires insurers to pay “full replacement value” which may be higher than the policy limits stated in the contract. In addition, the following substantial new requirements would create operational, financial, and underwriting challenges for insurers:

1. **Extended claim timelines create long-tail, open-ended exposures.**

Requiring insurers to keep replacement-cost claims open for at least three years—plus multiple six-month extensions—significantly increases administrative and reserving burdens, particularly in Hawai‘i’s catastrophe-prone environment where rebuilding already faces unique challenges.

2. **Increased uncertainty undermines rate stability.**

Long, unpredictable claim development timelines diminish insurers’ ability to accurately forecast loss costs. This level of uncertainty makes it harder to maintain adequate reserves and ultimately threatens the availability and affordability of coverage.

3. **Regulatory requirements complicate market participation.**

Even though the bill’s intent, but not the actual language of the bill, suggests that insurer liability remains capped at policy limits, the process and compliance risks of supervising multi-year claims — especially in a small, isolated market — may deter insurers from writing new business or expanding existing lines. The cumulative effect is a reduction in competition, consumer choice, and market resilience.

However, extended timelines risk creating the perception among consumers that additional time equates to expanded coverage, which is not the case. This mismatch between expectations, the statutory language and the insurance contract could increase disputes, complaints, and litigation—further raising costs for all policyholders.

In addition, the bill should contain a delayed implementation date to allow insurers to accurately price the increased coverage mandated by this legislation.

Conclusion

We strongly support helping Hawai‘i residents recover after disasters, including the devastating 2023 Maui wildfires. However, SB 2960, as currently drafted, would unintentionally destabilize Hawai‘i’s property insurance market by imposing long-tail obligations and operational burdens that make continued participation in the state more challenging.

We respectfully urge the Committee to amend SB 2960 to ensure the statutory language of the bill reflects the intent of the bill and give insurers time to adjust premiums to reflect the additional risk created by this legislation.

LATE

SB-2960

Submitted on: 2/24/2026 11:17:35 PM

Testimony for CPN on 2/25/2026 9:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Jackie Keefe	Individual	Support	Remotely Via Zoom

Comments:

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

My name is Jackie Keefe and I am a resident of Lahaina. I am in **strong support of SB2960**, which protects policyholders after a disaster.

I have worked as an advocate for fire survivors in different capacities over the past 30 months, and I've witnessed firsthand many of the challenges that our survivors have experienced. This is by no means only due to their endless battles with their insurance companies, but those have certainly been among their most frustrating! People are legally required to have insurance, yet insurance has proven insufficient.

SB2960 is intended to ensure Hawai'i residents are adequately protected by establishing a fair and realistic timeframe to access their benefits.

I cannot begin to explain to you the devastation experienced by our community. To know that fighting insurance companies would be one less thing that the next community to experience a disaster has to worry about would bring all of us some comfort.

Please **pass SB2960**.

Mahalo for your consideration.

Jackie Keefe, Lahaina

LATE

Support for SB 2960 – Extended Replacement Cost Recovery

Aloha e Chair and Members of the Committee,

My name is Hi‘ilei K. Casco and I am a resident of Maui. For the past year and a half, I’ve worked as a staff attorney for PONO Legal, a non-profit legal aid organization dedicated to providing free legal services for Maui’s disaster-impacted community members.

Through my work with fire survivors, I have learned that rebuilding after a disaster is a very, very slow process. As of February 2026, nearly two and a half years after the August 8, 2023 Maui fires, only 138 residential buildings (homes) have been completed according to the Maui Recovers website (data provided by 4Leaf). Families are displaced for years, not months. Debris removal, architects, permits, materials, and shipping all take time.

Yet, many homeowners’ insurance policies require policyholders to complete rebuilding within much shorter time frames in order to collect full replacement cost value. When those deadlines expire, families can lose those benefits — not because they failed to act, but because rebuilding in Hawai‘i takes longer than insurance timelines allow.

SB 2952 corrects that injustice. SB 2952 provides a minimum of 36 months to recover full replacement cost value after a declared disaster; allows reasonable six-month extensions for good cause; recognizes permit delays, labor shortages, and supply chain disruptions; provides one year after rebuilding to recover full replacement cost for personal property; requires insurers to clearly disclose these timelines.

Importantly, this bill does not increase policy limits. It does not expand coverage. It simply ensures that policyholders have realistic time to access the benefits they already paid for. Recovery from a catastrophic loss in Hawai‘i can take five years or more. Insurance policy deadlines should reflect that reality.

I respectfully ask you to pass SB 2960.

Mahalo,

Hi‘ilei Casco

LATE

TESTIMONY IN SUPPORT OF SB 2960
Committee on Commerce and Consumer Protection

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Stacey Ann L. Casco, and I serve as a HUD Certified Housing Counselor and Community Engagement Specialist. I am submitting this testimony in strong support of SB 2960, which ensures that homeowners have a fair and realistic timeline to access full replacement cost benefits following a declared disaster.

Through my work with families impacted by the Maui wildfires, I have seen firsthand how the recovery process unfolds on the ground—not in idealized timelines, but in real-world conditions shaped by severe resource constraints. Clean-up, architectural design, surveying, permitting, contractor availability, and material sourcing frequently extend well beyond a year. In Hawai‘i, where labor shortages and supply chain delays are persistent, disaster-affected households routinely experience multi-year displacement.

Despite these realities, many homeowners insurance policies still require reconstruction to be completed within short, rigid deadlines in order for policyholders to qualify for full replacement cost value. When those deadlines expire, families can lose critical benefits—not because they failed to act responsibly, but because rebuilding in Hawai‘i simply cannot occur at the pace that insurance companies require.

From a housing counseling and community recovery perspective, SB 2960 strengthens consumer protections, reduces long-term displacement risks, and supports the stability and resilience of disaster-affected communities. It aligns insurance practice with real-world recovery timelines in Hawai‘i, which frequently extend four to five years or more.

Respectfully,



Stacey Ann L. Casco

Phone: (808) 281-8047

Email: stacey.casco.maui@gmail.com