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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. 2964, 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.

S.B. 2964 would require homeowners' insurers to provide annual written replacement cost estimates to policyholders, disclose whether the dwelling coverage limit is sufficient to cover rebuilding costs, annually offer policyholders the option to increase coverage to full replacement cost, and maintain documentation of these disclosures and offer for five years. The bill would also make failure to comply an unfair or deceptive act or practice.

The Department recognizes the challenges that underinsurance can create following catastrophic events and supports efforts to improve consumer awareness and

preparedness. 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. 2964 include:

- Improves transparency by requiring annual replacement cost disclosures to policyholders;
- Helps homeowners better understand whether their dwelling coverage reflects current rebuilding costs; and
- May reduce the prevalence and impact of underinsurance following catastrophic events.

Market and cost considerations of S.B. 2964 include:

- Annual replacement cost estimation and disclosure requirements may increase administrative and compliance costs for insurers;
- Costs associated with implementation may be reflected in future rate filings and could place upward pressure on homeowners' insurance premiums;
- The bills designation of noncompliance as an unfair or deceptive trade practice may increase regulatory and litigation risk; and
- Increased statutory 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 the committee is inclined to move S.B. 2964, the Department requests a delayed 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 2964

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 (HIC) **opposes** this bill. This bill would require an insurer to annually provide to the policyholder a written replacement cost estimate that is “specific to the insured property.” The replacement cost estimate must be based on current local labor and material costs and must include all components of the replacement cost. The components include the cost of labor and material, overhead and profit, demolition and debris removal, architectural and engineering fees, permits and inspections, and other unspecified expenses. The replacement cost estimate must be updated annually.

To require insurers to conduct a detailed replacement cost estimate for each and every one of the thousands of homes they insure in Hawaii would dramatically increase the cost of homeowners insurance in Hawaii. Every year, insurers would have to conduct thousands of home inspections – inside and out – increase the number and skillset of personal property underwriters, and retain demolition, hauling, construction, architectural and engineering experts to personalize cost estimate for thousands of homes. To require insurers to engage

in individualized replacement cost estimates just once would spike costs; to require this analysis to be performed every year would increase costs multifold.

Notably, the bill does not require the policyholder to accept the higher dwelling coverage limit equal to the replacement cost arrived at by the involved process described above. Insurers would be compelled to incur increased costs without an assurance that a single dollar of premium will be collected. Policyholders could also seek replacement cost quotes from multiple insurers, multiplying the expense burden across the admitted market in Hawaii.

HIC submits that this extraordinary effort and costs would likely make homeowners insurance unaffordable in Hawaii. Policyholders themselves are in the best position to determine the amount of insurance coverage they need and can afford. They should be working with their insurance agents to fill out their own replacement cost estimator form that is provided by their insurance companies. Placing that obligation on insurers is neither practical nor cost-effective. It could destroy the already fragile homeowners market in Hawaii.

The annual offer requirement also may not be practical for an insurer in Hawaii because the ratemaking process is regulated and the timeline for approval is not at the insurers' control. Therefore, if an insurer is attempting to comply with this law but cannot obtain a needed rate increase prior to its annual offer, they would not be able to offer the policy without risking their solvency.

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 or unattainable.

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

February 23, 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 2964 – Homeowners Insurance; Underinsurance; Replacement Cost Value; Mandatory Disclosure; Offer to Insure to Value; Record Keeping

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

On behalf of United Policyholders¹ (“UP”), I write in strong support of SB 2964. This measure takes important steps to reduce underinsurance and improve transparency around replacement cost coverage so that Hawai'i homeowners are better positioned to fully rebuild after catastrophic losses.

As the Legislature has recognized, widespread underinsurance slows disaster recovery and can leave families unable to rebuild after a major loss. Many homeowners only learn that their coverage is insufficient after a catastrophe occurs. SB 2964 addresses this problem by requiring insurers to provide policyholders with regular, property-specific replacement cost disclosures and to inform them whether their dwelling coverage is sufficient to rebuild. It also requires insurers to offer policyholders the opportunity to increase coverage to match replacement cost when coverage falls short.

The bill requires annual replacement cost estimates based on current local labor and

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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material costs and mandates that insurers clearly disclose whether policy limits are adequate to cover rebuilding. It further ensures that policyholders are given a meaningful opportunity to purchase increased coverage when they are underinsured and requires insurers to maintain records of these disclosures and offers. These provisions promote informed decision-making and help ensure that homeowners understand their coverage levels before a disaster occurs.

We respectfully urge your support for SB 2964. Thank you for your leadership on this important issue and for your continued work to protect Hawai'i homeowners and strengthen community resilience across the state..

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 2964, Homeowners Insurance; Underinsurance; Replacement Cost Value; Mandatory Disclosure; Offer to Insure to Value; Record Keeping - 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 2964, because it is unnecessary and rife with legal and public policy problems. First of all, insurance consumers already possess the opportunity and ability to properly protect and insure their most valuable personal assets by annually adjusting their insurance coverage limits at policy renewal time to address their changing replacement cost coverage needs. There is no evidence in the record to support the contention that consumers are physically or intellectually incapable of proactively evaluating their own insurance needs. The simple fact of the matter is that if one is underinsured the likelihood is that they made a conscious decision to save money in premium costs by not purchasing certain insurance coverages and/or higher policy limits. Each person has the right to decide their own risk tolerance and budget constraints, and to rationally decide that the remote probability of a total loss to their home, where their policy limits may not fully compensate them for their loss, doesn't merit the increased insurance costs for the coverage.

Additionally, insurance consumers already have the right to ask their insurance producer at renewal to assist them in re-evaluating their insurance needs. If the consumer wants to review their coverages and insurance policy limits, they need only request this professional service. NAMIC is opposed to SB 2964 because it *mandates what is already available* for consumers interested in annually evaluating their insurance needs. SB 2964 would create a costly new administrative burden and insurance rate cost-driver for insurers and their policyholders. Consumer notices are expensive to

generate and this cost will have to ultimately be passed onto consumers, so this begs the public policy question – why mandate something, at a cost to the consumer, that the consumer can already avail themselves of with a simple request to the insurer? Insurance producers are more than willing to meet with their clients and discuss their insurance needs, and adjust coverages and increase policy limits/insurance premiums.

NAMIC is also concerned that the proposed annual requirement to automatically provide “each policyholder with a written replacement cost estimate ...” could arguably expose insurers to civil liability for their replacement cost estimate and expose insurers to possible regulatory sanctions if the insurer’s estimate is too high (claim that they over-insured and over charged consumer) or too low (underinsured the consumer). Insurers should assist when asked by the consumer, but it is the homeowner’s personal financial responsibility to evaluate safeguarding their assets. Insurers should not be placed in a position of having to create replacement cost estimates that could arguably create a legal duty to the policyholder and potential civil liability for the insurer.

We are also concerned about the overly-prescriptive nature of what the annual replacement cost estimate must entail. For example, the bill states that “[a]ny replacement cost estimate provided under this part shall: (1) Be specific to the insured property ...” What does this specifically require? Does the insurer have to personally evaluate the home in-person and retain subject matter experts to assess unique aspects of the subject property that could require different labor rates, material replacement decisions, etc?

NAMIC is also concerned about the record retention requirement. First, why is retention for 5 years required, not 2 years or 3 years? Second, the provision states “homeowner’s insurers shall maintain documentation that supports each replacement cost estimate and notes the policyholder's decision to accept or decline replacement cost coverage.” [Emphasis added]. What specific documentation supporting the estimate and the policyholder’s acceptance/declination of the offer is required to be kept? What if the policyholder never responds to the insurer’s offer?

Finally, NAMIC is concerned with the provision in the bill that makes a violation of SB 2964 an unfair or deceptive act or practice in the business of insurance. This punitive provision is unnecessary and excessive, and likely to lead to the filing of frivolous lawsuit against insurers which is an insurance rate cost-driver.

For the aforementioned reasons, **NAMIC respectfully requests your NO VOTE on SB 2964 – insurance consumers should be treated like responsible adults who can take care of evaluating their own insurance needs without having to pay for consumer notices and replacement cost estimates from insurers they may now want or need.**

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,

A handwritten signature in black ink, appearing to read "Christian John Rataj". The signature is fluid and cursive, with a prominent initial "C" and "J".

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 2964 – Relating to Property Insurance**
APCIA Position: Oppose

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) is **opposed to SB 2964**, which would require insurers to provide policyholders with an annual, property specific replacement cost estimate.

The American Property Casualty Insurance Association 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.

SB 2964 would impose extraordinary operational and financial burdens on insurers and would have the unintended consequence of making homeowners insurance less affordable and less available in Hawai‘i.

The APCIA shares the following reasons for its opposition:

1) The bill imposes a costly, technical process that must be repeated every year.

To produce a replacement cost estimate “specific to the insured property,” insurers would need to conduct thousands of individualized home inspections annually—interior and exterior—to ensure accuracy. This would also require insurers to:

- Expand underwriting staff with specialized expertise in construction cost analysis;
- Retain demolition, debris removal, engineering, and architectural professionals; and

- Update localized labor and materials databases annually for every insured home.

Requiring this level of analysis even once would significantly increase costs. Mandating it every year would multiply those costs many times over, dramatically increasing premiums for consumers.

2) The bill requires insurers to absorb these costs without any guarantee of corresponding premiums.

SB 2964 does not require a policyholder to accept the insurer's replacement cost estimate or to purchase a dwelling limit equal to that estimate. Insurers would therefore be compelled to incur substantial new expenses with no assurance that a single additional dollar of premium would be collected. Policyholders could also request quotes from multiple insurers, effectively requiring several companies to perform expensive, duplicative property specific analyses for the same home—further straining an already limited admitted market.

3) The proposal threatens to destabilize Hawai'i's fragile homeowner's insurance market.

Hawai'i's regulated property insurance market is small, with limited competition. Additional regulatory requirements of this magnitude risk:

- Driving existing licensed insurers out of the market;
- Discouraging new insurers from entering; and
- Forcing homeowners into the excess and surplus market, where coverage is unregulated and significantly more expensive.

Recent experiences with condominium insurance demonstrate the consequences: when the admitted market contracts, prices in the surplus lines market can escalate sharply, leaving consumers with few or unaffordable options.

4) The annual offer requirement is incompatible with Hawai'i's regulated ratemaking process.

Insurers must obtain regulatory approval for any rate adjustments needed to reflect increased costs. Because the approval timeline is not within an insurer's control, an insurer may be unable to obtain necessary rate changes before the bill's mandated annual offer. This could force insurers to offer policies at inadequate rates—a direct threat to solvency.

5) Policyholders are best positioned to determine appropriate coverage levels.

Homeowners already have the tools—and the support of licensed agents—to determine appropriate replacement cost values. Most insurers provide user-friendly replacement cost estimator forms that policyholders can complete in consultation with their agents. This approach is practical, efficient, and avoids imposing extensive new operational costs that will ultimately be passed on to consumers.

For these reasons, APCIA requests that the committee **hold** this bill.

LATE

SB-2964

Submitted on: 2/24/2026 11:02:51 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 in **strong support of SB2964**, which promotes transparency from homeowner insurance companies.

After the 2023 Maui wildfires, many homeowners learned they were severely underinsured — but only after they lost everything.

They had paid premiums for years. They believed they were fully covered.

But rebuilding costs in Hawaii rise quickly due to shipping, labor shortages, permitting delays, and inflation. Policy limits often do not keep pace. Most homeowners do not receive clear, annual information about whether their coverage matches the current cost to rebuild. As a result, families may unknowingly remain underinsured year after year.

SB 2964 addresses this transparency gap.

This bill requires insurers to:

- Provide an annual, property-specific replacement cost estimate
- Clearly disclose whether the dwelling coverage limit matches rebuilding cost
- Offer policyholders the option to purchase additional coverage if they are underinsured
- Update estimates annually using current local labor and material costs
- Maintain documentation for accountability

Importantly, this bill does not require homeowners to purchase additional coverage. It simply ensures they have accurate information and the opportunity to insure to value.

Underinsurance slows recovery, increases reliance on nonprofit and government assistance, and contributes to long-term displacement.

SB 2964 promotes informed decision-making, transparency, and stronger community resilience.

Please pass SB2964.

Mahalo for your consideration.

Jackie Keefe, Lahaina

Support for SB 2964 – Preventing Underinsurance in Hawai‘i

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’ve witnessed many homeowners learn that they were severely underinsured despite paying premiums for years and believing they were fully covered. As of now, Hawai‘i does not require annual replacement cost disclosures or offers to purchase full replacement coverage. Without these protections, homeowners may unknowingly remain underinsured, post-disaster rebuilding delays may increase, and nonprofit and government disaster relief efforts may face higher costs and longer timelines.

SB 2964 supports faster and more resilient community recovery after disasters by requiring insurers to:

- Provide an annual, property-specific replacement cost estimate
- Clearly disclose whether the dwelling coverage limit matches rebuilding cost
- Offer policyholders the option to purchase additional coverage if they are underinsured
- Update estimates annually using current local labor and material costs
- Maintain documentation for accountability

This bill does not require homeowners to purchase additional coverage. It simply ensures they have accurate information and the opportunity to insure to value.

I respectfully ask you to pass SB 2964.

Mahalo,

Hi‘ilei K. Casco

LATE

TESTIMONY IN SUPPORT OF SB 2964
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 2964, which strengthens consumer protections by addressing the systemic causes of residential underinsurance in Hawai‘i.

A core challenge we encounter in counseling is the lack of clear and timely information provided to policyholders. Most homeowners do not receive annual, property-specific estimates of what it would actually cost to rebuild their homes today. Without transparent data, they cannot make informed decisions about coverage levels—and many do not realize the gap until it is too late.

Underinsurance slows disaster recovery, prolongs displacement, and increases reliance on nonprofit and government resources—challenges we see daily in housing counseling and community engagement. SB 2964 supports transparency, strengthens financial resilience, and empowers homeowners with the information necessary.

For these reasons, I respectfully urge the Committee to pass SB 2964.

Respectfully,



Stacey Ann L. Casco

Phone: (808) 281-8047

Email: stacey.casco.maui@gmail.com