



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
KA 'OIHANA PILI KĀLEPA  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 1-844-808-DCCA (3222)  
Fax Number: (808) 586-2856  
cca.hawaii.gov

JOSH GREEN, M.D.  
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LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

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DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

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

**Before the  
House Committee on Human Service & Homelessness**

**Tuesday, February 10, 2026  
9:30 a.m.**

**State Capitol, Conference Room 329 and via Videoconference**

**On the following measure:  
H.B. 2237, RELATING TO PUBLIC ASSISTANCE**

Chair Marten, Vice Chair Olds, 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 opposes this bill.

H.B. 2237 authorizes the Department of Human Services to expend funds from the Hawaii Hurricane Relief Fund (HHRF) to provide public assistance during a Governor-declared state of emergency, with reimbursement to occur later through federal funds or future general fund appropriation.

The Department recognizes the importance of ensuring that residents have access to financial assistance during times of emergency. However, the Department has serious concerns regarding the financial, actuarial, and regulatory risks posed by the proposed diversion of funds from the HHRF

The HHRF is not a general fiscal reserve. The HHRF exists for a singular and critical insurance function: to support the underwriting, reinsurance, and claims-paying capacity of the HHRF as an active insurance mechanism. Allowing expenditures from the HHRF for non-insurance purposes represents a material expansion of the permissible uses of the fund listed under Hawaii Revised Statutes (HRS) § 431P-5.

The Department is particularly concerned that any depletion or encumbrance of HHRF assets may negatively impact current reinsurance contracts, future reinsurance negotiations, pricing, and capacity. Reinsurers evaluate not only premium and exposure, but also dedicated reserves, liquidity, and statutory that ensure insurance capital remains dedicated to insurance risk. The use of HHRF funds for non-insurance purposes – even if temporary – may result in higher reinsurance costs, reduced capacity, or less favorable contract terms, which would ultimately be borne by policyholders and the State. Any increase in the cost of reinsurance would lead to an increase in premiums by the HHRF, which results in higher costs of hurricane insurance – the exact problem the HHRF is meant to abate.

The HHRF was reactivated to function as a legitimate operational insurance mechanism, not as a dormant reserve of funds available for broader emergency spending. The HHRF must maintain maximum financial flexibility to write new policies, adjust to evolving exposure, and pay claims promptly following a hurricane event. Encumbering capital for non-insurance obligations introduces competing fiscal priorities and uncertainty as to the availability of funds when catastrophic losses occur. From a solvency perspective, capital that is committed elsewhere is not capital available to pay claims.

H.B. 2237 contemplates the reimbursement of expended funds through future federal assistance or subsequent general fund appropriation. Insurance solvency, however, depends on the availability of funds when claims occur, not the possibility of reimbursement at a later date. A hurricane could occur before reimbursement is received, creating real financial risk for the HHRF and the policyholders who rely on it.

The Department is charged with oversight of financial solvency, reserve adequacy, and policyholder protection. H.B. 2237 raises significant regulatory concerns

by blurring the line between insurance trust fund and general fund financing source, exposing insurance reserves to risks unrelated to insured losses, and setting a precedent for future use of HHRF funds for non-insurance purposes. Over time, such expansions could undermine the long-term stability, reliability, and feasibility of the HHRF.

While the Department recognizes the importance of providing assistance during emergencies, insurance solvency mechanisms are not interchangeable with public assistance programs. Using HHRF funds for general assistance shifts risk onto policyholders who depend on the HHRF for hurricane coverage and may ultimately increase costs for the very residents the fund was designed to protect.

Attached is a statement from Aon, the HHRF's current reinsurance broker, that provides further details regarding the need for the HHRF to maintain its current level of funding.

For these reasons, the Department respectfully opposes H.B. 2237. Thank you for the opportunity to testify.

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**Overview**

With Hawaii Hurricane Relief Fund (HHRF) operational and onboarding risks as of June 1<sup>st</sup>, 2025, it is critical that the fund remain solvent to cover the risks insured. The current capital position is on par for what is required to support the actively insured risks and the additional risks that may utilize the HHRF.

**Basis**

Models are representations of systems or processes which occur in the real world. As such, they make simplifying assumptions due to limitations in both understanding and practical constraints. These assumptions, combined with the inherent uncertainty in insurance risk, can lead to differences between modeled and observed losses. In 2024, Aon conducted a study on model performance, the difference between actual observed loss and modeled loss due in part to non-modeled factors and model uncertainty. Aon gathered data on Hurricane Model Performance by industry standard third party vendors for all US landfalling hurricanes from 2017 to 2022. The study showed that hurricane models underestimated losses by 1.4x on average across a three-model blend. When looking specifically at the Excess & Surplus (E&S) space, hurricane models underestimated losses by 2.0x on a global basis and 1.7x on a commercial basis. Because the HHRF writes excess hurricane insurance for a commercial class of business (AOAOs are commercial entities, even where they represent residential unit owners), the extra estimation error associated with commercial and E&S results are important considerations.

**Current Portfolio of Risks**

The information above is relevant because we are using these probabilistic models to estimate the financial solvency of the HHRF. Through November 2025 - six months into the program - the HHRF issued 52 policies totaling \$1.4B in exposure. With this current exposure, the HHRF estimated loss from a Cat 3 Total Industry Loss of \$19B to \$23B (Target Covered Event) ranges from \$5M to \$25M, with the maximum plausible loss for an event of that size being \$50M. We selected an industry loss of \$19B to \$23B as the Target Covered Event because this represents a modeled potential loss amount consistent with industry standard risk thresholds of 0.5% to 0.4% probability of the event occurring. This corresponds to a "200 year" to "250 year" event and is consistent with AM Best, S&P, and Solvency II catastrophe risk thresholds when evaluating insurer financial strength ratings. Note that NAIC RBC (Risk Based Capital) uses a 1% or "100 year" threshold and is therefore a less intensive standard.

**Year 1 - Portfolio of Risks**

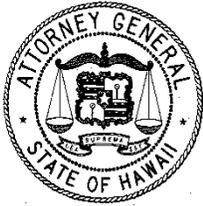
Aon used the current in-force book to project what the program might look like at June 2026, 1-year after inception. As above, six months into the HHRF AOAO program there were 52 issued insurance policies. This suggests a reasonable assumption of 100 policies issued totaling \$2.9B in exposure at the end of the first full year of operations. Using the same Target Covered Event above, the new HHRF estimated loss is \$30M to \$40M, with the maximum plausible loss ranging from \$65M to \$125M. This scenario would result in the HHRF approximately being fully committed from a capital standpoint, taking into consideration the \$50M of reinsurance purchased and the HPIA \$30M loan obligation.

**Year 2+ - Portfolio of Risks**

As the HHRF considers insuring more risks and issuing more than 100 policies, they will need to increase their capital position by purchasing more reinsurance. Geographic concentration of policies is very important when modeling, underwriting, and assessing catastrophe risk in insurance. This is because when physical structures are spread widely across a geographic expanse it is unlikely that a single event like a hurricane will damage many of them at the same time. As an example, the historical record for Hurricane Iniki shows significant impact to Kaua'i with less significant impacts to other islands. As the number of covered risks continues to increase, the estimated loss from a Target Covered Event will usually increase faster than the growth in the policies. For example, a doubling of the policy count would likely lead to more than a doubling in the loss potential. This is illustrated, above, in the estimates of the maximum plausible event moving from around \$50M for 52 policies up to \$125M for 100 policies.

**Conclusion**

Ultimately, the HHRF needs to maintain a healthy capital balance to cover losses policyholders may incur, while also recognizing that the HHRF may need to make a \$30M loan to the HPIA. If the funds for the HHRF were depleted, it would restrict HHRF's ability to insure additional AOAOs and any consideration of expanding the product. HHRF would also be required to purchase additional reinsurance to remain financially stable, resulting in increased costs to the policyholders and ultimately Hawai'i residents.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2026**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 2237, RELATING TO PUBLIC ASSISTANCE.

**BEFORE THE:**

HOUSE COMMITTEE ON HUMAN SERVICES & HOMELESSNESS

**DATE:** Tuesday, February 10, 2026      **TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 329

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Erin L.S. Yamashiro, Deputy Attorney General

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Chair Marten and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill: (1) adds a new section to chapter 346, Hawaii Revised Statutes (HRS), to allow the Department of Human Services (DHS) to administer and provide public assistance to eligible residents of the State during a Governor-declared state of emergency (Emergency General Assistance Program); and (2) adds a new section to chapter 431P, HRS, to allow the DHS to spend funds from the Hawaiian Hurricane Relief Fund (Fund) for the Emergency General Assistance Program provided that any funds expended from the Fund are reimbursed by federal funds, as appropriate, or a general fund appropriation in the regular session immediately succeeding the expenditure.

Section 2 of the bill authorizes the DHS to expend undetermined amounts of money from the Fund established under section 431P-16, HRS, for the Emergency General Assistance Program with a requirement that any funds expended from the Fund are reimbursed by federal funds or a general fund appropriation in the regular session immediately succeeding the expenditure. Section 431P-16(g), HRS, limits the uses of the Fund, and provides that : "Moneys in the hurricane reserve trust fund or in trust or custodial accounts, created for the benefit of the fund's secured parties, shall be expended by the Hawaii hurricane relief fund or its authorized designee and used **solely** for the purpose of this chapter." (Emphasize added.) Because the Fund is not

authorized to provide funding for the purposes proposed by this bill, an appropriation from the Fund may be inconsistent with section 431P-16(g), HRS. Instead, appropriations for the Emergency General Assistance Program could be made from the general fund.

Further we note that the use of the term "general assistance" in this bill may cause confusion, because section 346-71, HRS, already establishes a program entitled "general assistance to households without minor dependents." It is not clear if the program for general assistance created by this bill is considered part of the current program for general assistance, including all the same requirements set out in section 346-71, HRS, or if it is a completely separate program intended to have different eligibility requirements and serve a different population. If it is the latter, we recommend revising the bill to make a clear distinction, replacing the term "general assistance" with a different term such as "relief," or simply "assistance."

We respectfully ask the Committee to pass this bill with the recommended amendment. Thank you for the opportunity to testify.



1050 Bishop St. PMB 235 |  
Honolulu, HI 96813  
P: 808-533-1292 | e:  
[info@hawaiiifood.com](mailto:info@hawaiiifood.com)

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TO: Committee on Human Services and Homelessness

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 10, 2026

TIME: 9:30am

RE: HB2237 Relating to Public Assistance

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure to allow the Department of Human Services (DHS) to administer and provide public assistance to eligible residents of the State during a Governor-declared state of emergency. Allows DHS to expend funds from the Hawai'i Hurricane Relief Fund.

The State of Hawaii recommends that residents are “two weeks ready” for an emergency. In addition to having a two weeks supply of food on hand, this recommendation advises residents to have, “Water (1 gal. per person/day), First Aid Kit, Medical Equipment, Medications, NOAA Alert Radio, Extra Batteries, Flashlight, Can Opener, Tools, Warm Clothes, Sturdy Shoes, Personal Hygiene Items, Toilet Paper, Pet Supplies, Fire Extinguisher, Glasses/Eye Care, Cash/Identification, Masks/Sanitizer, Important Documents, Comfort/Entertainment.”

According to the most recent report from the Hawaii Foodbank, our state is experiencing extremely high levels of food insecurity, over 30% statewide and up to 40% in some areas.

Those who are suffering from food insecurity are generally not able to have two weeks of extra food on hand, or the other supplies needed to be fully “two weeks ready.” This



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includes many local families that would not normally qualify for assistance under existing programs.

This measure will ensure that the DHS has the means to provide assistance to those who need it in advance of an emergency. We urge the Committee to pass this measure, and we thank you for the opportunity to testify.

## TESTIMONY OF LESLIE DOOR

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COMMITTEE ON HUMAN SERVICES & HOMELESSNESS  
Representative Lisa Marten, Chair  
Representative Ikaika Olds, Vice Chair

Tuesday, February 10, 2026  
9:30 a.m.

### **HB 2237**

Chair Marten, Vice Chair Olds, and members of the Committee on Human Services & Homelessness, my name is Leslie Door, Director of Product, Risk & Regulatory Compliance for Zephyr Insurance Company and Property Chair 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 uses funds from the Hawaii Hurricane Relief Fund (HHRF) upon issuance of a proclamation by the governor declaring a state of emergency, to pay those who are *not* provided for under Chapter 346 who are unable to provide sufficient support for themselves or those dependent upon them. The HHRF has recently been reactivated, and this bill undermines its financial viability with no direct nexus to the purpose of the HHRF. The HHRF is presently responding to the high-rise condo building market, it may need to be expanded for single family homes. The principal balance in the HHRF is not growing as monies are being spent on administrative and other insurance-related purposes. Any interest earned on its shrinking principal balance is being diverted to the general fund.

If the HHRF does not have adequate funds to meet its purpose, there is a complex ladder of assessments on insurance products which goes beyond property insurance premiums. These assessments are pre and post catastrophe and would be borne by those who purchase certain insurance products. For instance, if a pre-CAT assessment is imposed, it is 3.75% on property, general liability, and workers' compensation policies. If a post-CAT assessment is imposed, there

is a ladder of assessments if insufficient funds are available to pay losses. The final tier of assessments is 7.5% surcharge on all property and casualty insurance premiums in the state, including all of the above lines, plus motor vehicle insurance.

Since the HHRF is actively writing policies and its future needs are uncertain, siphoning any monies is imprudent. Using funds from the HHRF for an unrelated state general fund purpose at the expense of only those who purchase certain insurance products may be an unconstitutional tax. Based on the foregoing, we ask that this bill be held.

Thank you for the opportunity to testify.