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

**Before the  
Senate Committee on Commerce and Consumer Protection  
Wednesday, February 11, 2026  
9:30 a.m.  
State Capitol, Room 229 and via Videoconference**

**On the following measure:  
S.B. 2961, RELATING TO 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. 2961 is to establish requirements relating to additional living expenses (ALE) benefits following a total loss during a state of emergency. The measure requires insurers to permit ALE benefits to be used for the purchase or lease of a housing unit as a temporary primary residence, requires advance payment of at least four months of ALE benefits after a total loss, and establishes a minimum 36 month duration for ALE benefits, with extensions under certain conditions.

The Department recognizes the housing and recovery challenges faced by Hawaii residents following catastrophic events. Ensuring displaced policyholders have access to stable housing and timely financial support following a disaster is an important consumer protection goal. At the same time, the Department's statutory role requires

consideration of the potential impacts on insurance affordability, availability, and market stability.

ALE coverage, sometimes referred to as “loss of use” coverage, is a standard component of most homeowners and renters insurance policies. ALE helps pay the reasonable increase in living expenses when a covered loss makes a residence uninhabitable. This coverage is designed to maintain a policyholder’s normal standard of living during the period of repair or rebuilding and may include temporary housing, increased food costs, storage, and other necessary expenses above the policyholder’s normal day-to-day costs. ALE coverage is generally subject to a monetary limit - set percentage of the underlying policy coverage, time limit, and the requirement that expenses be reasonable, necessary, and documented.

Potential consumer benefits of S.B. 2961 include:

- Provides policyholders with greater flexibility to use ALE benefits for temporary housing solutions, including manufactured homes, recreational vehicles, or other housing units that may better support long-term recovery;
- Requires advance payment of ALE benefits following a total loss, which may help policyholders secure housing and avoid immediate financial hardship;
- Establishes a minimum duration of ALE benefits following disasters, reflecting Hawaii’s extended rebuilding timelines; and
- Reduces the period of displacement.

Market and cost considerations of S.B. 2961 include:

- Advance payments and extended ALE durations may increase the severity and duration of catastrophe-related claims;
- Extended ALE obligations may increase homeowners’ insurance premiums for all property owners statewide; and
- Increased statutory mandates and restrictions on insurer practices will be factors in the underwriting and ratemaking process and may reduce insurer participation and capacity in Hawaii’s already limited insurance market.

If the committee is inclined to move S.B. 2961, 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 LESLIE DOOR

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

Wednesday, February 11, 2026  
9:30 a.m.

### **SB 2961**

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection, 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 submits **comments** on this bill. After the Lahaina fire, many insurers promptly paid out dwelling coverage to policyholders as soon as the insurer could verify a total loss even if access to the site was not yet possible. In addition, many insurers advanced payment of Additional Living Expenses (ALE) or loss of use benefits, subject to the policy limits.

This bill seeks to standardize the way claims are handled after a covered catastrophe by creating a new Part, and we submit the following comments for your consideration:

1. Page 5, line 3-4: Delete the phrase “unless the context otherwise requires”. This phrase is unnecessary as these are definitions.
2. Page 5, line 15: New Section 431:10E-B Authorized uses; calculation; payment. This section does not explicitly state that it applies after a state of emergency, and we ask that language be added to do so.

3. Page 5, lines 20-21; page 6, lines 1 and 4: This new provision provides, in part, that an insured sustaining a total loss would be permitted to apply ALE benefits toward the “purchase” of a housing unit to serve as the insured’s “temporary” primary residence. To allow ALE benefits to be used to “purchase” a housing unit appears to be at odds with the insured’s use of that housing unit as a “temporary” primary residence. ALE benefits are not intended to permit insureds to buy a second home.
4. Page 7, line 10: We ask that “seven calendar days” be replaced with “ten working days” to allow adequate time for an insurer to inspect the property and for the insured to find an accommodation.
5. Page 7, line 12: We ask that the following be added after the word “benefits”: “when the insured produces an executed lease showing the monthly expense for a temporary residence.”
6. Page 8, line 3 and page 8, line 8: We ask that the following phrase be added to the end of those sentences: “subject to the duration or dollar limit provided in the policy.”

Thank you for the opportunity to testify.

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

February 9, 2026

*Filed via electronic testimony submission system*

**RE: SB 2961, Additional Living Expenses - 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 11, 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 appreciates the bill sponsors' desire to clarify the law as it relates to Additional Living Expenses (ALE) contractual benefits. NAMIC's member companies have a proven track-record of working closely with their policyholders to address the consumer's specific insurance needs as it relates to ALE benefits, so we believe that flexibility for insurers and consumer choice for policyholders as to their insurance coverage limits decisions should be the primary focus of this legislation.

NAMIC is concerned with the following provisions and definitions in the proposed legislation:

- 1) **Definition of "State of emergency"**, which is defined as "means a state of emergency or local state of emergency declared by the governor *or a mayor* pursuant to section 127A-14".

Declarations of a State of Emergency are typically left to the exclusive authority of the governor, who is free to consult with any professional he/she desires, including a mayor, as part of his/her consideration as to whether to issue an emergency declaration. We are concerned that extending "state of emergency" declarations outside of the executive branch may result in incongruent applications.

2) **§431:10E-C Advance payments of additional living expenses benefits after state of emergency.**

NAMIC respectfully requests two revisions to this section:

- a) NAMIC believes that the consumer request provision should be amended so as to clearly create a request date so that there is no misunderstanding as to when an ALE advance payment is due. Specifically, we request the following amendment:

*(2) Occurred pursuant to a state of emergency, an insurer, within seven calendar days of a written request by the insured, ...*

- b) So as to make it clear that the required advance ALE payment provision does not impact any other terms or conditions of the ALE payment schedule stated in the insuring agreement, we request the following amendment:

*(b) An advance issued under subsection (a) shall not be construed to affect an insured's right to claim further additional living expenses benefits, subject to the policy's limits, or alter any other terms or conditions of the ALE payment schedule stated in the policy. [Emphasis denotes suggested amendment]*

3) **§431:10E-D Extended duration for additional living expenses benefits; states of emergency.**

NAMIC has a number of concerns about this provision.

- a) We believe that this mandated extension of coverage unreasonably denies consumer choice. Policyholders deserve the right to decide what insurance coverages they need and the amount of risk of loss they are willing to accept to save on their personal insurance costs. In today's inflationary world, consumers have to balance a number of personal expenses, so a consumer should have the right to determine whether or not they need and can afford 36 months of ALE coverage.
- b) NAMIC believes that the six-month increments should be limited in number so that the insurer can assist the policyholder in coordinating this request with their overall ALE policy limits. We recommend the following amendment.

*(b) An insurer shall grant up to two extensions of additional living expenses benefits in six-month increments if there are delays to the permanent rebuilding of the primary residence because of permitting issues, material shortages, labor shortages, or other factors outside of the control of the insured.*

- c) NAMIC respectfully requests that this provision be amended to clarify that the terms and conditions of the insuring agreement are not being altered by this proposed legislation. We expressly request the following amendment be included:

*(d) Nothing in this section shall be construed to require an insurer to:*

- (1) Pay ALE benefits that exceed the stated coverage limits in the policy;*
- (2) Alter the terms and conditions of the insuring agreement; or*
- (3) Limit any requirement that the policyholder provide documentation to the insurer that demonstrates that actual permitting issues, material shortages, labor shortages, or other factors outside of the control of the insured exist and merit the six-month extensions of ALE benefits.*

For the aforementioned reasons, **NAMIC respectfully requests a NO VOTE ON SB 2961, but in the alternative, the adoption of the proposed amendments stated in this written testimony.**

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-2961**

Submitted on: 2/5/2026 1:23:12 PM

Testimony for CPN on 2/11/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill.

**SB-2961**

Submitted on: 2/5/2026 1:31:22 PM

Testimony for CPN on 2/11/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

Comment REQUIRE ALL HOMEOWNERS to have at least fire insurance, like no fault auto insurance, to help limited burden on the SOH. Including affordable housing owners/organization to pay for tenants personal loss to help the burden of the SOH.

2961 SB RELATING TO INSURANCE.