

HB924, HD2

**Measure
Title:**

RELATING TO INSURANCE.

**Report
Title:**

Commercial Liability Insurance Policies; Construction Professionals

Description:

Clarifies the laws relating to the interpretation of commercial general liability insurance policies affecting contractors. Effective July 1, 2112. (HB924 HD2)

Companion:

Package:

None

**Current
Referral:**

CPN, JDL



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

EVERETT KANESHIGE
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE AND
CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Tuesday, March 15, 2011
9 a.m.

TESTIMONY ON HOUSE BILL NO. 924, H.D. 2 – RELATING TO INSURANCE.

TO THE HONORABLE ROSALYN BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department").

The Department has concerns about whether the provisions contained in this bill belong in the Insurance Code, Hawaii Revised Statutes ("HRS") chapter 431.

The purpose of this bill is to add new sections to Article 1 of the Insurance Code to provide clarification of coverage for damages arising out of construction defects, in response to the Hawaii Intermediate Court of Appeals' decision in *Group Builders, Inc. v. Admiral Ins. Co.*, 123 Haw. 142 (2010). The H.D. 2 added a new section to Article 1, Part II, added definitions for "contractor" and "licensed contractor", and has a defective effective date of July 1, 2112.

The issue in the *Group Builders* case was whether alleged faulty construction work, giving rise to contractual claims, constitutes an "occurrence" under a commercial general liability policy.

The purpose of the Insurance Code is to regulate the business of insurance by licensing and examining insurers, producers, and other licensees. As a regulator, the Insurance Division does not become involved in the interpretation of liability insurance policies or whether an insurance policy meets the reasonable expectations of construction professionals.

As such, the Department believes that the provisions contained in this bill do not belong in the Insurance Code. The Department suggests that it may be more appropriate for these provisions to be placed in another chapter, such as HRS chapter 663.

We thank this Committee for the opportunity to present testimony on this matter.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

The General Contractors Association (GCA), an organization comprised of over five hundred and eighty (580) general contractors, subcontractors, and construction related firms, **supports the intent** of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, we have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc., Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

We believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.



March 14, 2011

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

In May, 2010, the Intermediate Court of Appeals ruled in the Group Builders case, that insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contactors and developers paid for this insurance coverage under their commercial general liability policies. This ruling seems inherently unfair and wrong.

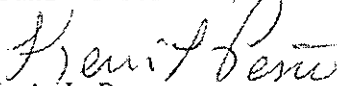
I believe that the decision has created a huge windfall for insurance carriers. Some of the larger construction companies, such as A.C. Kobayashi, Hawaiian Dredging, Shioi Construction, and Ralph S. Inouye testified in an earlier hearing that they have collectively paid over \$20 million in premiums for insurance coverage over the last 10 years. The courts now say that the insurance companies do not have to honor their promises. Even though these contractors have paid large sums for this coverage, they now find themselves at risk if claims are asserted against them for injuries or property damage arising from some construction defect. These contractors are at risk for millions more.

There is urgency in trying to help those contractors whose insurance carriers are using the Group Builders decision as an excuse to not honor their obligations.

Where is the consumer protection for these contractors who have dealt with seemingly reputable insurance carriers for many years and who are now told that the carriers do not have to pay because of Group Builders?

Please continue to help the parties find an equitable resolution to the problem.

Very truly yours,
Foundations Hawaii, Inc.


Kevin L. Pena
President



March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

NORDIC PCL CONSTRUCTION, INC. supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals (ICA) in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years, Nordic PCL Construction paid more than \$8 million in premiums for the commercial general liability (CGL) insurance policies that we are now being told provides no coverage for property damage arising from construction defects. Our company is at risk for potentially millions of dollars in future losses because the ICA's decision allows the insurance companies relief from protecting the insured. We and other contractors did not bargain and pay for CGL policies that are not worth the paper that they are printed on.

I believe that the court's decision in Group Builders is wrong and has allowed some insurance companies to behave unconscionably by not honoring their contractual obligations.

Thank you for the opportunity to testify on this threat to the construction industry.

Yours truly,

Glen Kaneshige
Executive Vice President

NORDIC PCL CONSTRUCTION, INC.

LICENSE #ABC-17

1099 ALAKEA STREET, SUITE 1560, HONOLULU HI 96813 ♦ TELEPHONE (808)541-9101 ♦ FAX (808)541-9108

PCL IS AN AFFIRMATIVE ACTION, EQUAL OPPORTUNITY EMPLOYER M/F/D/V



March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

CURTIS LAW CONSTRUCTION supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Sincerely,

Curtis E. Law
President



March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Koga Engineering & Construction, Inc. **supports the intent** of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

We believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Yours truly,

A handwritten signature in black ink, appearing to read "Glenn M. Nohara".

Glenn M. Nohara
Chairman



LED COR CONSTRUCTION HAWAII LLC
1003 Bishop Street, Suite 1250
Honolulu, HI 96813
Phone: 808-540-0777
Fax: 808-524-6803
Contractor License Number: ABC - 25954

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.
NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Ledcor Construction Hawaii LLC **supports the intent** of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

A handwritten signature in black ink, appearing to read "Richard Solie".

Richard Solie
Accounting Manager



P.O. Box 757
Kailua, HI 96734
Ph. (808) 263-4900
Fax (808) 263-5966
www.ccs-hawaii.com

March 11, 2011

Senator Rosalyn H. Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229

RE: HB 924, HD2 "Relating to Insurance"

Chair Baker and Members of the Committee:

I am Greg Thielen, President and RME of Complete Construction Services. I am a Small Business Owner and have over 20 years experience in the Construction Industry.

I strongly support the intent of HB924 and request the bill be allowed to continue moving forward to give the affected parties time to come to agreement on a final draft. The intent of the bills is to negate the effects of the *Group Builders and Tradewind Insurance Co. v. Admiral Insurance Co.* court decision, and to ensure that the insurance coverage that contractors, subcontractors, and other construction industry participants have already paid for is provided.

Thank you for the opportunity to provide this testimony.

Sincerely,

Greg Thielen
President/RME

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

March 15, 2011

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports the intent of HB924, but is opposed to the current draft, HD2 and requests your consideration of the amendments that will be offered by Karin Holma, Esq., on behalf of BIA-Hawaii.

HB924 was introduced to address the Group Builders decision by the Intermediate Court of Appeals in 2010 which basically stated that insurance companies who sold commercial general liability policies to contractors to provide coverage for claims for bodily injury and property damages arising from construction defects, now did not have to pay on these claims.

We believe that this decision is unfair, especially when contractors have paid for the coverage, then are told that the insurance carriers do not have to pay for the claims. This does not appear to be a fair practice because the insurance companies have collected their premiums and are not honoring their obligations. Although some insurers have reassured their clients that they will cover their claims, many others, especially the large national carriers, are not covering the claims based on the Group Builders decision.

To emphasize the serious nature of this issue, it is very unsettling for anyone to purchase an insurance policy without the assurance that they are going to get what they paid for.

While some insurance companies are offering endorsements to cover these claims, these endorsements are prospective and do not cover the ten-year period for which contractors, developers, and even the State, are at risk, even though they had paid their premiums in good faith. Please pass the bill with amendments to allow continued discussion to reach a solution to the problem.

Thank you for the opportunity to share our views with you.

Karen I. Nakamura
Chief Executive Officer
BIA-Hawaii



March 15, 2011

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

HB924 was introduced to address the Group Builders decision by the Intermediate Court of Appeals in 2010 which basically stated that insurance companies who sold commercial general liability policies to contractors to provide coverage for claims for bodily injury and property damages arising from construction defects, now did not have to pay on these claims.

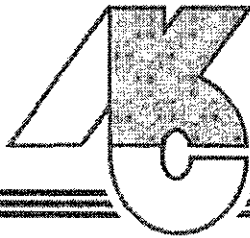
I believe that this decision is unfair, especially when contractors have paid for the coverage, then are told that the insurance carriers do not have to pay for the claims. This does not appear to be a fair practice because the insurance companies are not honoring their obligations.

To emphasize the serious nature of this issue, it is very unsettling for anyone to purchase an insurance policy without the assurance that they are going to get what they paid for.

While some insurance companies are offering endorsements to cover these claims, these endorsements are prospective and do not cover the ten-year period for which contractors, developers, and even the State, are at risk, even though they had paid their premiums in good faith. Please pass the bill with amendments to allow continued discussion to reach a solution to the problem.



Kip Kamoto
General Manager



ALBERT C.
KOBAYASHI, INC.
GENERAL CONTRACTORS

Gentry Business Park • 94-535 Uke'e Street
Waipahu, Hawaii 96797 • Phone (808) 671-6460 • FAX 676-5832 • Lic. #ABC-07819

March 14, 2011

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair
Committee on Commerce and Consumer Protection

Chair Baker, Vice Chair Taniguchi and Members of the Commerce and Consumer Protection Committee:

We strongly support the passage of HB 924 IN INTENT, but with the changes to be submitted on March 15, 2011, and urge your committee to do so too.

We would like to avert the crisis which the decision of the Hawaii Intermediate Court of Appeals in *Group Builders, Inc. v. Admiral Ins. Co. (Haw App. 2010)* has made. Contractors, developers, and others have paid millions of dollars for insurance coverage that the Intermediate Courts of Appeal now say that we do not have. The decision has had a severe negative impact on both the development and construction industries in Hawaii, and at the same time, created a massive windfall for certain insurers.

In the last ten years, hundreds of private and public construction projects have been completed which are affected by this. Some of the projects we have completed, such as Hoolei Condominiums, Capitol Place, Kapolei Commons and Ward Village Shops would be affected, just to name a few. If injury or property damage occurs at one of these projects which is alleged to have arisen out of any construction defect, there would be no insurance coverage for the developer, contractor, or subcontractors. This would be catastrophic, especially for a **Locally owned ESOP company** like ours.

This bill would reinstate the insurance coverages which we have already paid millions of dollars for. The Group Builders decision is one of the most unjust, harmful decisions that has ever come out of Hawaii's appellate courts. Your favorable decisions to this matter would be greatly appreciated.

Mahalo,

Russell Young
President & CEO

Albert C. Kobayashi, Inc.



WILLIAMS HAWAII, INC.

CONCRETE REPAIR & COATINGS

March 15, 2011

CPNTestimony@capitol.hawaii.gov

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

HB924 was introduced to address the Group Builders decision by the Intermediate Court of Appeals in 2010 which basically stated that insurance companies who sold commercial general liability policies to contractors to provide coverage for claims for bodily injury and property damages arising from construction defects, now did not have to pay on these claims.

I believe that this decision is unfair, especially when contractors have paid for the coverage, then are told that the insurance carriers do not have to pay for the claims. This does not appear to be a fair practice because the insurance companies are not honoring their obligations.

To emphasize the serious nature of this issue, it is very unsettling for anyone to purchase an insurance policy without the assurance that they are going to get what they paid for.

While some insurance companies are offering endorsements to cover these claims, these endorsements are prospective and do not cover the ten-year period for which contractors, developers, and even the State, are at risk, even though they had paid their premiums in good faith. Please pass the bill with amendments to allow continued discussion to reach a solution to the problem.

Sincerely,
WILLIAMS HAWAII, INC.

Val Williams
President

Peggy Mierzwa

From: todd@victorydevelopmentinc.com
Sent: Monday, March 14, 2011 8:44 AM
To: CPN Testimony
Subject: HB924; HD2

March 14, 2011

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2-Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection,

As a developer in Maui and a board of director for Home Construction Insurance Company, a risk retention group with Lloyds of London as our underwriter, I do support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

In May 2010, the Intermediate Court of Appeals ruled in the Group Builders case, that insurance companies are **not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contactors and developers paid for this insurance coverage under their commercial general liability policies.**

The courts now say that the insurance companies do not have to honor their agreements to pay insurance claims that were the intent of that policy purchased. I believe that this decision has created a huge, yet unintentional financial windfall for insurance carriers. Insurance premiums are paid for coverage, not to take advantage of the builder or consumer who's claim may now go unpaid. Construction defects (claims) not being paid may not be corrected giving way to a new problem of uncured construction defects and those long term safety issues.

Millions of dollars in premiums are paid annually in Hawaii and it is expected that those amounts paid are for legitimate insurance to protect the business and consumer concerns of all. There is urgency in trying to help those contractors whose insurance carriers are using the Group Builders decision as an excuse to not honor their obligations.

Please continue to help the parties find an equitable resolution to the problem.

Mahalo,

Todd Leibl,

Todd Leibl, Secretary



CEO for Victory Development, Inc.
1367 S. Kihei Rd., Unit 3-102
Kihei, Hawaii 96753
Tel:(808) 875-0646 Fax:(808) 875-0817
<http://www.VictoryDevelopmentHawaii.com>

For: Home Construction Insurance Company
25 N. Santa Anita Ave, Suite A
Arcadia, CA 91006
(626) 447-3118

**SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

March 15, 2011

House Bill 924, HD 2 Relating to Insurance

Chair Baker and members of the Senate Committee on Commerce and Consumer Protection, I am Rick Tsujimura, representing State Farm Insurance Companies, a mutual company owned by its policyholders.

State Farm opposes House Bill 924, HD 2 Relating to Insurance. The intent behind the measure is to change the outcome of a court decision arising out of the *Group Builders* case recently decided by the Hawaii Supreme Court, and to make this change retroactive. We believe that any retroactive application is unconstitutional and violates the contracts clause. Any attempt by the legislature to do so will amount to an unconstitutional breach of the contracts currently in place, and either void as enacted or will make the state subject to a “takings” of the rights of the insurer vis a vis the current state of the law under *Group Builders*.

Secondly, we believe that the “clarification” being sought by the contractors is not a “clarification” at all but an amendment to existing insurance contracts. The intervention by the legislature into the marketplace to alter contractual arrangements will bring uncertainty and even more litigation, not less. Therefore we believe this measure is unnecessary as a clarification and is an interference in the already established contractual relationship between the parties articulated in *Group Builders*.

Thirdly, the consideration of what a contractor reasonably expects from an insurance contract is irrelevant to the terms articulated in the contract. The legislature should not enact one-sided presumptions allowing one party to the contract to interpret the contract to suit their needs. A contract is what is memorialized and if other extra-contractual interpretations are not included and are barred from the contract, the legislature must not and should not allow for “one-sided” expectations to be included as evidence of the expectations if they were barred in the first instance.

Finally, this measure is unnecessary if, as some insurers have suggested, they have already engaged in endorsements to the contractors remedying this issue on a “go-forward” basis. If the issue which remains is retrospective, we believe the measure is unconstitutional; the measure is unnecessary and legally suspect. If the problem is solved prospectively, then it is also unnecessary. For these reasons we request that this committee hold this measure.

Thank you for the opportunity to present this testimony.

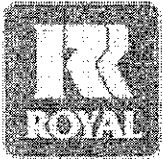
Leonard K.P. Leong
Vice President

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING



DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee

Royal Contracting Co., Ltd. supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

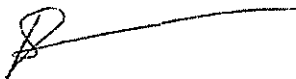
Sincerely,

Royal Contracting Co., Ltd.
Leonard K.P. Leong
Vice President

SIMMONS STEEL CORPORATION
Lic# C-25707
91-188 Kalaeloa Blvd., Kapolei, HI 96707
Phone: (808) 682-0020 ◊ Fax: (808) 682-2822

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

FROM: Kermit Simmons, Vice President 

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Simmons Steel Corporation supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.



87-2020 Farrington Highway ■ Waianae, Hawaii 96792 ■ Tel: 808 668-4561 ■ FAX: 808 668-1368 ■ Website: www.pvtland.com

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

PVT Land Company **supports the intent** of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Very truly yours,

Stephen E. Joseph
Vice-President



HIIA

Hawaii Independent Insurance Agents Association

March 14, 2011

To: Senator Rosalyn Baker, Chair
Senator Brian T. Taniguchi, Vice-Chair
Committee on Commerce and Consumer Protection

From: Sonia M. Leong, Executive Director
Hawaii Independent Insurance Agents Association

Re: HB924 HD2 HSCR691– Relating to Insurance
Hearing: Tuesday, March 15, 2011 9:00 am Conference Room 229

The Hawaii Independent Insurance Agents Association (HIIA) **opposes** the “current draft” of HB924 HD2 which has as its intent to clarify the laws relating to the interpretation of commercial liability insurance policies affecting construction professionals.

While we applaud the Legislators for their well meaning intent to help the construction industry, we have reservations that incorporating insurance policy provisions (contract between the policyholder and the insurance company) into the insurance code may not be the right vehicle to solve the problem created by the recent ICA decision.

As a result of the ICA Decision, there are already numerous fallout problems such as claims being denied based strictly on that decision wherein the insured purchased the coverage with the belief at that time of purchase there was coverage. In addition, some insurance carriers are seeking reimbursements for past claims. This is creating chaos in the marketplace and will cripple the construction industry who once depended on coverage and find that they no longer have that coverage.

The language in the current draft may create more problems than it will solve. Some points of concern are the coverage trigger, the separation between licensed and unlicensed contractors and errors and omissions exposure for the agents.

HIIA is a non profit trade association of independent insurance producers dedicated to assisting the insurance buying public with their insurance needs. Many of our clients are contracting risks and their insurance coverage is crucial to the health and welfare of the construction business and public interest. We ask that you weigh the possible outcomes of this bill.

Thank you for the opportunity to provide our testimony.



94-101A Malakeke Place, Waikeolu, Hawaii 96797 • tel (808) 833-3711 • fax (808) 833-3755 • email dbs@dbshawaii.com

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Designer Built Systems supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

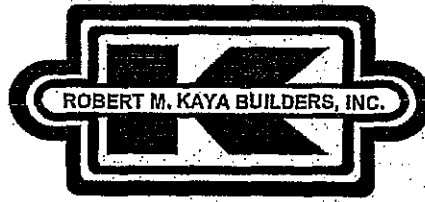
I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Kam".

Jonathan Kam
Operations Manager



525 Kokea Street, Bldg. B-3 • Honolulu, Hawaii 96817 • Phone: (808) 845-5477 • Fax: (808) 845-6471 • E-mail: rmkaya@hawaii.r.com
Building and Improvement Specialist Since 1937
Serving Hawaii for Over a Half Century

March 14, 2011

Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

Subject: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

HB924 was introduced to address the Group Builders decision by the Intermediate Court of Appeals in 2010 which basically stated that insurance companies, who sold commercial general liability policies to contractors to provide coverage for claims for bodily injury and property damages arising from construction defects, now did not have to pay on these claims.

I believe that this decision is unfair, especially when contractors have paid for the coverage, then are told that the insurance carriers do not have to pay for the claims. This does not appear to be a fair practice because the insurance companies are not honoring their obligations.

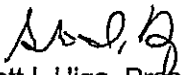
To emphasize the serious nature of this issue, it is very unsettling for anyone to purchase an insurance policy without the assurance that they are going to get what they paid for.

While some insurance companies are offering endorsements to cover these claims, these endorsements are prospective and do not cover the ten-year period for which contractors, developers, and even the State, are at risk, even though they had paid their premiums in good faith. Please pass the bill with amendments to allow continued discussion to reach a solution to the problem.

Thank you for the opportunity to share my views with you.

Respectfully yours,

ROBERT M. KAYA BUILDERS, INC.


Scott I. Higa, President



Senator Roz Baker, Chair
Committee on Commerce and Consumer Protection
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: HB924, HD2 Relating to Insurance

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

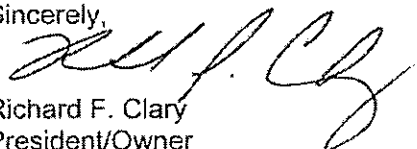
HB924 was introduced to address the Group Builders decision by the Intermediate Court of Appeals in 2010 which basically stated that insurance companies, who sold commercial general liability policies to contractors to provide coverage for claims for bodily injury and property damages arising from construction defects, now did not have to pay on these claims.

I believe that this decision is unfair, especially when contractors have paid for the coverage, then are told that the insurance carriers do not have to pay for the claims. This does not appear to be a fair practice because the insurance companies are not honoring their obligations.


To emphasize the serious nature of this issue, it is very unsettling for anyone to purchase an insurance policy without the assurance that they are going to get what they paid for.

While some insurance companies are offering endorsements to cover these claims, these endorsements are prospective and do not cover the ten-year period for which contractors, developers, and even the State, are at risk, even though they had paid their premiums in good faith. Please pass the bill with amendments to allow continued discussion to reach a solution to the problem.

Sincerely,



Richard F. Clary
President/Owner



Brenda K. Clary
VP/Treasurer



Heartwood Pacific

Hawaii General Contractor - BC 23231

HubZone, 8(a), SDB, SB

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Heartwood Pacific LLC supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Sincerely

F. Michael Singer
Managing Member

Heartwood Pacific LLC
P.O. Box 1719, Keaau, Hawaii 96749
Bus: (808)327-6700

Email: fmsinger@hawaiiantel.net
Cell: (808) 960-7854
Fax: (808)982-5283



HAWAIIAN DREDGING CONSTRUCTION COMPANY

P.O. Box 4088
Honolulu, HI 96812-4088
Phone: (808) 735-3211
Fax: (808) 735-7416

March 14, 2011

Hearing date: March 15, 2011
Committee: Senate Committee on Commerce & Consumer Protection
Time /Place: Conference Room 229 at 9:00 a.m.

RE: SUPPORT FOR INTENT OF HB 924, HD 2 RELATING TO INSURANCE

Dear Chair Baker and Committee Members:

My name is Mike Nakashima, and I am the Vice President for Civil projects for **Hawaiian Dredging Construction Company**, and I live on Maui. Typically, we have projects on all the major islands, contributing significantly to their respective economies. We currently employ over 650 employees—3 years ago we employed twice as many people, many of whom were on Maui.

Like our fellow contractors, we are very concerned about HB 924 and the impact of the Group Builders case on our industry which is **Hawaii's third largest economic engine**.

Further, as you know, the potential consequences of this court decision could also **severely impact developers, project owners, the State and City on public works contracts, individual homeowners, and our entire economy**.

The Court's decision **invalidated existing insurance coverage that had been paid for and relied upon** by the construction industry and developers—and also **overturned many years of common insurance industry practice**. Significantly, our company pays about \$1,000,000 per year in liability premiums including this construction defects coverage.

Insurance carriers **can claim they no longer need provide coverage for injuries or property damage claims arising from construction defects on projects that were completed in the last 10 years**. Think about this—there were scores of huge projects built during this period that could be severely impacted if defects were discovered.

The negative effects of the Group Builders decision are already being felt, as insurance carriers are denying coverage for multi-million dollar claims based on this decision. Currently, Hawaiian Dredging is faced with major possible exposure on a large condo project where the owner's OCIP—Owner Controlled Insurance Program—is threatening to hide behind the Group Builders decision and not provide coverage for actual claims resulting from construction defects. This could be devastating to our company.

We **support the intent** of HB924, HD2, but are opposed to the current draft HD 2. We ask that you adopt the amendments to HB924, HD2 that have been suggested by GCA and BIA through attorney Karin Holma's testimony.

Mahalo for this opportunity to share our views with you.

Aloha,



Mike Nakashima
Vice President, Civil
Hawaiian Dredging Construction Company

Direct: 808-735-3325





**HAWAIIAN DREDGING
CONSTRUCTION COMPANY**

P.O. Box 4088
Honolulu, HI 96812-4088
Phone: (808) 735-3211
Fax: (808) 735-7416

March 14, 2011

Hearing date: March 15, 2011
Committee: Senate Committee on Commerce & Consumer Protection
Time /Place: Conference Room 229 at 9:00 a.m.

RE: SUPPORT FOR INTENT OF HB 924, HD 2 RELATING TO INSURANCE

Dear Chair Baker and Committee Members:

My name is Allan Lock, and I am the Vice President for Marketing, Estimating, and Preconstruction Services for **Hawaiian Dredging Construction Company**. Typically, we have projects on all the major islands, contributing significantly to their respective economies. We currently employ over 650 employees—3 years ago we employed twice as many people, many of whom were on Maui.

Like our fellow contractors, we are very concerned about HB 924 and the impact of the Group Builders case on our industry which is **Hawaii's third largest economic engine**.

Further, as you know, the potential consequences of this court decision could also **severely impact developers, project owners, the State and City on public works contracts, individual homeowners, and our entire economy**.

The Court's decision **invalidated existing insurance coverage that had been paid for and relied upon** by the construction industry and developers—and also **overturned many years of common insurance industry practice**. Significantly, our company pays about \$1,000,000 per year in liability premiums including this construction defects coverage.

Insurance carriers **can claim they no longer need provide coverage for injuries or property damage claims arising from construction defects on projects that were completed in the last 10 years**. Think about this—there were scores of huge projects built during this period that could be severely impacted if defects were discovered.

The negative effects of the Group Builders decision are already being felt, as insurance carriers are denying coverage for multi-million dollar claims based on this decision. Currently, Hawaiian Dredging is faced with major possible exposure on a large condo project where the owner's OCIP—Owner Controlled Insurance Program—is threatening to hide behind the Group Builders decision and not provide coverage for actual claims resulting from construction defects. This could be devastating to our company.

We **support the intent** of HB924, HD2, but are opposed to the current draft HD 2. We ask that you adopt the amendments to HB924, HD2 that have been suggested by GCA and BIA through attorney Karin Holma's testimony.

Mahalo for this opportunity to share our views with you.

Aloha,



Allan Lock

Vice President for Marketing, Estimating, and Preconstruction Services
Hawaiian Dredging Construction Company

Direct: 808-735-3344



Grace Pacific
CORPORATION
P.O. Box 78 / Honolulu, Hawaii 96810

Administrative Office (808) 674-8529 fax (808) 674-1940
Paving Office (808) 845-9991 fax (808) 842-3296
Quarry Office (808) 672-3547 fax (808) 672-3996



March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Grace Pacific Corporation supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

Raymond Nii
Manager, Engineering, Admin, IDIQ
Grace Pacific Corporation



March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

NORDIC PCL CONSTRUCTION, INC. supports the intent of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals (ICA) in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years, Nordic PCL Construction paid more than \$8 million in premiums for the commercial general liability (CGL) insurance policies that we are now being told provides no coverage for property damage arising from construction defects. Our company is at risk for potentially millions of dollars in future losses because the ICA's decision allows the insurance companies relief from protecting the insured. We and other contractors did not bargain and pay for CGL policies that are not worth the paper that they are printed on.

I believe that the court's decision in Group Builders is wrong and has allowed some insurance companies to behave unconscionably by not honoring their contractual obligations.

Thank you for the opportunity to testify on this threat to the construction industry.

Yours truly,

A handwritten signature in black ink, appearing to read "Glen Kaneshige". The signature is fluid and cursive, written over the typed name and title.

Glen Kaneshige
Executive Vice President

NORDIC PCL CONSTRUCTION, INC.

LICENSE #ABC-17

1099 ALAKEA STREET, SUITE 1560, HONOLULU HI 96813 ♦ TELEPHONE (808)541-9101 ♦ FAX (808)541-9108

PCL IS AN AFFIRMATIVE ACTION, EQUAL OPPORTUNITY EMPLOYER M/F/D/V

The Senate
Committee on Commerce and Consumer Protection
March 15, 2011
9:00 a.m., Room 229

Statement of the Hawaii Carpenters Union on SB 924 on Commercial Liability Insurance

The Hawaii Carpenters Union strongly supports clarifying the law covering commercial liability insurance by passage of SB 924, provided needed amendments are made to the HD 2.

We need a Bill to restore the right to honor free-market agreements reached in prior years. Without it, another de-stabilizer is layered on to our Hawaii construction industry. Contractors and developers that employ carpenters and drywallers face collapse if a properly constituted Bill is not passed during this session.

Here we have a court decision that allows insurance companies walk away from agreements reached in good faith with construction companies in the past. Companies in the industry paid for agreed upon coverage, but the decision intervenes and allows the coverage to be taken away. That is not right, and courts economic disaster.

Employers are exposed to claims against work completed years ago. With coverage yanked from under them, they may be forced to close. Instability in a regional industry opens the door to lower labor standards, and/or conflict. Beyond construction contractors, owners, including the State, need legislative action to prevent exposure should contractors on their projects fold when their claims are denied.

Clear legislation will also enable Hawaii insurers to recover costs from any national or international companies that sold them "re-insurance". The case of *Group Builders, Inc., and Tradewind Insurance Co. Vs. Admiral Insurance Co.*, indicates a problem. While we recognize differences within the insurance industry, neither sector should gain windfall profits at the expense of construction and development companies, and in turn, their workers.

A court case decided in 2010 goes back and changes business agreements made in the prior ten years. Those agreements weren't changed by the parties, and should stand. No new burdens are added.

This is an immediate threat to active employers. We urge amendment and passage of SB 924, and continued work on the Bill during this session.

Thank you for the opportunity to testify on this matter of great importance to this union.

WAILEA MF-9 ASSOCIATES LLC

411 Huku Li'i Place Suite 204
Kihei, HI 96753

Phone 808-891-8363
Fax 808-891-8364

TESTIMONY OF MARTIN F. QUILL, MANAGER
WAILEA MF-9 ASSOCIATES, LLC
IN SUPPORT OF H.B. No. 924, HD 2

BEFORE THE SENATE COMMITTEE
ON COMMERCE AND CONSUMER PROTECTION

TUESDAY, MARCH 15, 2011
9:00 A.M.
CONFERENCE ROOM 229

Chairperson Baker and Members
of the Senate Committee On Commerce And Consumer Protection:

Thank you for this opportunity to present testimony in support of House Bill No. 924, HD 2. This testimony is offered by Wailea MF-9 Associates LLC ("MF-9"), a Maui condominium developer. We do ask the Committee to amend the bill to extend coverage to building owners and developers as well as contractors.

MF-9 supports this important legislation which is intended to address the adverse impact of the decision by the Hawaii Intermediate Court of Appeals in *Group Builders, Inc. v. Admiral Ins. Co.*, decided on May 19, 2010.

This decision has had a severe negative impact on both the development and construction industries in Hawaii, and at the same time, created a massive windfall for certain insurers. Indeed, as far as I can tell, the insurers who have taken the most aggressive position on *Group Builders* are not the local insurers who are committed to the Hawaii market. Rather, the insurers who are opportunistically exploiting *Group Builders* and filing lawsuits against their insureds to defeat coverage are the world's largest insurers who have no commitment to Hawaii.

In MF-9's case, it spent literally millions of dollars for insurance coverage for its Maui project. The *Group Builders* decision, at least from the perspective of MF-9's

insurer, turned those premium dollars into a complete windfall and left MF-9, as well as the Hawaii contractor and subcontractors responsible for building the project, without insurance coverage for construction defects, the very thing they sought coverage for, paid millions of dollars to obtain, and was a risk which the insurer understood it was covering and for which it charged millions of dollars in premiums. In fact, a key endorsement in MF-9's policy provides coverage for property damage arising out of the insureds' work for 10 years after the project was completed.

The *Group Builders* decision has affected, or may one day affect, *every* real estate developer and *every* construction-related company doing business in Hawaii, not just "construction professionals" as the current draft of the bill states. Among those whose comprehensive general liability insurance coverage was effectively eliminated by *Group Builders* are developers and building owners, as well as general contractors and subcontractors. This is why we propose that the bill be amended to expressly state that a developer and building owner, and not just a general contractor or subcontractor, be included and fall within the protection of H.B. No. 924.

This remedial, curative legislation is urgently needed to restore the insurance coverage that Hawaii's insureds believed they paid for and had, and which historically has been recognized and provided by insurers under commercial general liability policies prior to the *Group Builders* decision. Indeed, many insurers issued, and insureds obtained, extended coverage for complete operations under such policies, typically for a period of ten years, the period of the statute of repose that applies to actions for damages due to a deficiency in the design or construction of an improvement to real property under Haw. Rev. Stat. Section 657-8. Some large mainland insurers are taking the position that even this extended coverage is abrogated by *Group Builders*. Remediating the unfortunate effect of *Group Builders* however goes beyond just this state's construction industry. It would protect this state's homeowners and purchasers of real estate. It would reinstate the coverages afforded indirectly to those who purchase from developers. Without the promise of insurance standing behind the developers, many potential homeowners in this State could look elsewhere rather than risk a defunct and

The Honorable Rosalyn Baker and Members
Senate Committee on Commerce and Consumer Protection
Testimony in Support of H.B. No. 924, HD 2
Page 3 of 3

bankrupt builder who has no insurance coverage to fix problems a building may suffer after sale and during the 10 years of the statute of repose; the very type of remedy our state's right to repair law seeks to encourage.

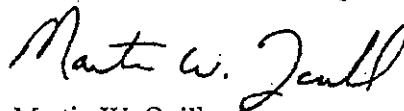
This decision will undoubtedly also have an adverse impact on the surety companies who must now fill the void because of the ill-advised insurers who are exploiting *Group Builders* to their advantage.

Absent immediate attention to this injustice by the Hawaii legislature, *Group Builders* will have a serious adverse impact on all future construction projects in Hawaii, including those of state and county agencies.

Respectfully submitted,

WAILEA MF-9 ASSOCIATES LLC,
A Hawaii Limited Liability Company

By: WAILEA MF-9 DEVELOPERS LLC
A Hawaii Limited Liability Company
Its Manager-Member



Martin W. Quill
Its Manager



Pauahi Tower, Suite 2010
1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877
Facsimile (808) 525-5879

Alison Powers
Executive Director

TESTIMONY OF MICHAEL TANOUE

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Tuesday, March 15, 2011
9:00 a.m.

HB 924, HD2

Chair Baker, Vice Chair Taniguchi, and members of the Committee, my name is Michael Tanoue, testifying on behalf of Hawaii Insurers Council. 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 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council continues to **oppose** HB 924, HD2. As a result of the Intermediate Court of Appeals (ICA) decision in half of Group Builders in May 2010, builders purport that legislation is necessary because the Court ruled that there is no indemnity coverage for damage resulting from a construction defect. However, it is important to note that although builders have stated the most important part of Group Builders has been decided, we disagree. The duty to defend issue is still pending the ICA and these costs that involve legal fees are often significantly more than indemnity costs. Legislation to address this complex issue while an important part of the case is still pending the higher court is premature and could spur more litigation which will not provide certainty to the builders while it moves through the judicial system.

All versions of this bill: HB 924, HB 924, HD1, HB 924, HD2, and SB 1192, contain retroactive provisions. We believe legislation passed to reverse a court decision interpreting a contract that goes retroactive will most likely result in legal challenge. Again, if legislation enacted is challenged, there will be further delay for resolution to

this issue. We do not dispute the builders' dilemma, however, we believe the appropriate area for resolution is the Judiciary where there are current cases before the lower court on coverage post-Group Builders. The Insurance Commissioner also stated in his testimony that he does not believe this legislation belongs in the insurance code.

HB 924, HD2 was drafted after the builders passed out an amendment in the hearing of the House Consumer Protection and Judiciary Committees. The builders' amendment narrowed the scope of the original bill significantly but still contained retroactive application. The HD2 which is before this committee today substantively changes the builders' amendment and is problematic in many ways for builders, insurance agents, and insurers. Some of the larger issues in the HD2 are that it changes policy language so that any insurance policy that now exists would not apply, could limit coverage available, and limits the law only to licensed contractors. HIC recently met with the builders' representatives to express our concern regarding HD2 and we offered a rewrite of the language in an attempt to craft sound legislation, prospectively (see attached). The amendment addresses the needs of builders, insurance agents, and insurers going forward so that the relationship between the three parties may continue. The HIC draft provides a floor for coverage for all insurers including excess and surplus lines insurers, provides for greater coverage at the insurer's option, and provides equal treatment for licensed and unlicensed contractors.

HIC asks that this bill be held for the legal reasons outlined. However, because the legislation also has prospective application, if a bill is enacted, we would like to have an environment where there is more certainty for builders and insurers will continue to offer coverage.

Thank you for the opportunity to testify.

Proposed Compromise Bill

SECTION 1. The legislature finds that:

- (1) The construction industry is one of Hawaii's most important industries, and is vital to the economic and social welfare of the citizens of Hawaii;
- (2) For years, contractors accepted that liability insurance policies issued to them were not intended to and did not provide liability coverage for damage to their own work, but they expected that liability insurance policies did provide coverage for damages resulting from their work;
- (3) In May 2010, the Hawaii Intermediate Court of Appeals issued a decision in *Group Builders, Inc., et al. v. Admiral Insurance Co.*, which held that construction defect claims do not constitute an "occurrence" (defined as an "accident") under a liability insurance policy.

Accordingly, the Intermediate Court ruled that breach of contract claims based on allegations of shoddy performance are not covered under a liability insurance policy, and that tort-based claims, derivative of these breach of contract claims, are also not covered under a liability insurance policy.

- (4) The *Group Builders* decision frustrated the expectation of contractors who thought they were covered under liability insurance policies for damages resulting from their defective workmanship other than their own work; and
- (5) The *Group Builders* decision could be economically disastrous to contractors and property owners if coverage under liability insurance policies is not provided.

SECTION 2. Chapter 431, Article 1, Part II, Hawaii Revised Statutes, is amended by adding the following new section:

"§431:1-209.5. Liability insurance policies issued to contractors.

(a) For purposes of this Section:

(1) "Contractor" shall have the same meaning as set forth in Section 444-1.

(2) "Construction" shall mean to alter, add to, subtract from, improve, enhance, or beautify any realty, or to construct, alter, repair, add to, subtract from, improve, move, wreck, or demolish any building, highway, road, railroad, excavation, or other structure, project, development, or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith, in the conduct of the business of a contractor in this State.

(3) "Contractor's own work" shall mean work or operations performed in this State by a contractor under a construction contract, but shall not include work or operations performed on behalf of the contractor by another contractor.

(b) Every liability insurance policy issued to a contractor that is applicable to a construction project in this State shall include liability insurance coverage for bodily injury and damage to, or loss of use of, tangible property other than the contractor's own work or the contractor's product, arising out of the contractor's performance of a construction contract; provided such bodily injury or damage to, or loss of use of, tangible property is:

(1) Caused by the contractor's negligence; and

(2) Not otherwise excluded by the terms and

provisions of the liability insurance policy.

(c) Nothing in this section shall be construed to:

(1) Provide liability insurance coverage for damage to the contractor's own work or the contractor's product;

(2) Create other liability insurance coverage that is not included in the liability insurance policy; or

(3) Prevent any insurer from offering liability insurance coverage to a contractor providing liability insurance coverage broader than required by this section.

(d) Any provision in a liability insurance policy in conflict with this section shall be invalid. However, any such invalid provision shall not affect the validity of the other provisions of the liability insurance policy.

SECTION 3. This Act shall apply to all liability insurance policies issued to contractors on or after the effective date of this Act.

KING & NEEL, INC.

1164 Bishop Street • Suite 1710 • Honolulu, Hawaii 96813
Telephone: (808) 521-8311
Fax: (808) 525-3893

NATIONAL ASSOCIATE MEMBER



March 14, 2011

TO: The Honorable Rosalyn Baker, Chair and
Members of the Senate Committee on Commerce & Consumer Protection

Subject: HB 924, HD 2 Relating to Insurance

Notice of Hearing
Tuesday, March 15, 2011, 9:00AM
Conference Room 229

Dear Chair Baker and Members of the Committee,

My name is Dick Foard, Vice President of King & Neel, Inc., a local insurance agency that does insurance, bonds and risk management for local contractors. We support the intent of legislation to resolve the problems caused by the Group Builders decision. We ask for your consideration of amendments to HB 92, HD 2 being offered by the General Contractors Association of Hawaii (GCA) and the Building Industry Association of Hawaii (BIA) through the testimony of Karin Holma, Esq.

The Group Builders decision has already had a negative impact on several of our clients and may have further additional negative impact on more contractors if there is not legislation to bring the coverage back to what our clients paid for and expected to receive from their insurers.

It appears that the Group Builders decision has provided an opportunity for some insurers to back out of coverage, even for claims that were in place but not yet settled.

We ask that you incorporate the GCA / BIA amendments to HB 924, we ask that HB 924, HD 2, as so amended, be passed out of the committee.

Thank you for the opportunity to testify.


Dick Foard, CPCU
Vice President

TESTIMONY OF MIKE ONOFRIETTI, ACAS, MAAA, CPCU

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Tuesday, March 15, 2011
9:00 a.m.

HB 924, HD2

Chair Baker, Vice Chair Taniguchi, and members of the Committee, my name is Mike Onofrietti, Vice President, Actuarial Services, Product Development & Management of Island Insurance Companies. Island is the only locally owned and managed property and casualty insurance company in the State of Hawaii with roots tracing back to our founding in 1939 and does business solely in the State of Hawaii. Our policyholders represent homeowners, owners of automobiles and business owners located throughout all of Oahu and the neighbor Islands. Approximately 60% of our premiums written represent business insurance of which about 30% is written for contractors. We have a vested interest in Hawaii, our business community and contractors doing business in our State.

Island Insurance **opposes** HB 924, HD2. This bill is a response to the Hawaii Intermediate Court of Appeals decision in *Group Builders v. Admiral Insurance* to which one of the Island Companies, Tradewind Insurance Company, Ltd., was a party. Tradewind held they **did have a duty to indemnify** Group Builders for property damage resulting from a construction defect. Tradewind, in fact, indemnified original plaintiff and then sought recovery for a portion of these damages from Admiral through court action. Admiral however prevailed in the circuit court with a ruling that there was not a duty to indemnify which was followed by an appeal by Tradewind to the Intermediate Court of Appeals. Unfortunately the Intermediate Court of Appeals upheld the circuit court's decision and further ruled that property damage resulting from construction defect was not an "occurrence" and therefore not covered under the General Liability policy.

Our philosophy on coverage as an insurer responsible to our policyholders has always been and remains that we resolve doubts in favor of providing coverage to our policyholders. Our record clearly shows we rarely file actions to avoid coverage. Following the decision of the Intermediate Court of Appeals, Island Insurance Companies implemented an endorsement providing contractors with coverage for property damage resulting from construction defects which had been negated by the Intermediate Court of Appeals. Most other insurers providing coverage for the majority of the construction business in Hawaii did the same. There is no insurance crisis for contractors. Coverage is available.

HB 924, HD2 should be held for many reasons including the following:

1. The free market has addressed the issue of property damage resulting from construction defect by those insurers which write the majority of the market share of contractors in the State of Hawaii endorsing their policies to provide coverage for property damage resulting from construction defect.
2. This bill also potentially conflicts with the Judiciary's responsibility of interpreting insurance policies.
3. Though the Intermediate Court of Appeals has ruled on the Duty to Indemnify, the far greater obligation, that of the insurer's Duty to Defend, is still pending a decision from that same Court.
4. Mandating coverage which is readily available could result in an adverse reaction from the free market culminating in restriction of coverage and/or higher premiums. Mandating coverage can also send the very wrong message to the market that the Legislature is adverse to a free market system and anti-business.

We therefore ask the Legislature to hold HB 924, HD2.



RALPH S. INOUYE CO LTD
GENERAL CONTRACTOR

2831 Awaawaloa Street
Honolulu, Hawaii 96819

T: 808.839.9002
F: 808.833.5971

License No. ABC-457
Founded in 1962

March 14, 2011

TO: THE HONORABLE ROSALYN H. BAKER, CHAIR AND
MEMBERS OF THE SENATE COMMITTEE ON COMMERCE &
CONSUMER PROTECTION (CPN)

SUBJECT: HB 924, HD2 RELATING TO INSURANCE.

NOTICE OF HEARING

DATE/TIME: Tuesday, March 15, 2011, 9:00 am
PLACE: Conference Room 229

Dear Chair Baker and Members of the CPN Committee,

My name is Lance Inouye and I am President of Ralph S. Inouye Co., Ltd. (RSI), General Contractor and member of the General Contractors Association of Hawaii (GCA). RSI **supports the intent** of HB924, HD2, Relating to Insurance, but is opposed to the current draft HD2. Your kind consideration of amendments to HB924 HD2 being offered by GCA/BIA through the testimony of Karin Holma, Esq. would be greatly appreciated.

Just over the past 10 years, RSI has paid nearly \$1.5M in Commercial General Liability (CGL) premiums and Excess coverage. Fortunately, to date, RSI has been able to avoid claims under those policies such that our carriers have paid less than \$2500 in total over those 10 years¹. Over those 10 years, our carriers and agents have routinely represented to RSI that our policies cover Bodily Injury and Property Damage that *arise out of* construction defects. *Group Builders, Inc. v. Admiral Ins. Co. (Haw. App. 2010)* effectively stripped that coverage from policies RSI purchased before the decision. We are simply asking that coverage we have paid for be restored.

The negative effects of the *Group Builders* decision are already being felt. Insurance carriers are denying coverage for multi-million dollar claims based on this decision. Although several insurance carriers have issued endorsements to restore coverage, they only provide coverage from the date of the endorsement forward. They provide no coverage for work completed over the past 10 years under policies in effect prior to the *Group Builders* decision. If a catastrophic accident occurred on a project completed within those 10 years, the insurance carriers may now use the *Group Builders* decision to deny coverage, **even though the contractors paid for the coverage**. Project owners, the State/City on public works contracts, and other entities involved in construction projects, who were named as additional insured on those CGL policies and who may have paid for the coverage as well, would be left without coverage. One such catastrophic accident could close many entities involved in the affected project, including subcontractors and developers who may have also purchased similar CGL policies, potentially leaving end-users with liability for those claims. This problem needs to be fixed now before a catastrophe occurs.

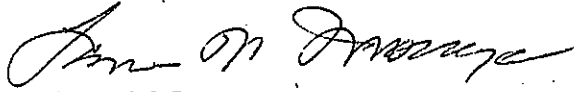
With your kind approval to incorporate GCA/BIA amendments to HB924, we ask that HB 924, HD2, as so amended, be passed out of the committee.

Thank you for the opportunity to testify on HB924.

¹ Several small claims less than the policy deductibles were paid by RSI over the years.

Sincerely,

RALPH S. INOUE CO., LTD.

A handwritten signature in cursive script, appearing to read "Lance M. Inouye".

Lance M. Inouye
President & CEO

Chair Baker and Committee members

My name is Scotty Anderson, and I am a member of the Building Industry Association of Hawaii.

I support the intent of HB924, but not the HD 2. I request the committee accept changes put forth by the BIA and the GCA.

It just isn't fair to pay for something and then find that it was for naught.

Thank you for your time and attention to this very important bill to many construction business owners in Hawaii. The wrong decision could put some businesses out of business.

F.M. Scotty Anderson
Pacific Rim Partners, LLC
1405 N. King Street, Suite 101
Honolulu, Hi 96817
808-843-2500

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

I support the intent of HB924, but am opposed to the current draft, HD2 and request your consideration of the amendments that will be offered by BIA-Hawaii.

I am a licensed insurance producer in the state of Hawaii since 1978 and am currently Vice President at Insurance Factors. I sell property and casualty insurance for my commercial clients, comprised of manufacturers, building owners, Architects/Engineers, contractors, entertainment industry, medical clinics and non-profit organizations. I take interest in this situation as each one of my clients has been affected by the Hawaii ICA ruling regarding Group Builders and Tradewind Insurance Co v. Admiral Insurance. It's not just contractors that are affected. If a condominium association hired a subcontractor that didn't have coverage for construction defects, then the condominium owner ends up paying for the loss. Or if an Architect specified a particular wood from a supplier who brought it in from overseas and there is resulting damage, the Architect ends up paying for the loss. What about a homeowner who hires a plumber? As it stands now, this law puts the burden on the homeowner to check if the plumber has the coverage. The new law does not just apply to contractors; it will affect anyone who uses a contractor's services.

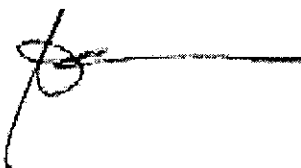
Insurance companies rate and collect premiums based on actuarial analysis of liability exposure which includes construction defect claims. The new law enacted in May 2010 virtually removes a major coverage but I have not seen insurance premiums gone down as a result of the new law. I always believe that less government is good, but in this instance, I firmly believe that passage of this bill will define the purpose of the General Liability policies and not leave it to individual insurer's interpretation. The insurers are against this bill because it forces them to comply. There are over 20 licensed casualty insurers in the State of Hawaii and fewer than six carriers have acted swiftly to revise their policy to include coverage for construction defect claims. These carriers all have differing endorsements! We need passage of this bill for uniformity. The remaining carriers are not taking action but yet have not adjusted their pricing.

I do not agree with the Hawaii Insurers Council's position that legislative mandates could worsen the insurance climate by constricting the market,

potentially eliminating the variety of insurance coverage options and resulting in higher premiums. I have sold casualty insurance for over 30 years and it was always the intent to provide coverage for construction defects. The insurers rated this coverage accordingly and it did not prevent them from doing business in the islands.

Selfishly I am offering my support of this bill because I want my clients to have the coverage they paid for. They purchased the insurance in good faith and I believe the insurers should respond in kind.

Aloha,

A handwritten signature in black ink, consisting of a stylized initial 'V' followed by a horizontal line extending to the right.

Valerie Ching Moss, CIC

Insurance Factors | 745 Fort St. #1000 | Honolulu, HI 96813 | Office: 808-546-7427 | Mobile: 808-292-8393 | Fax: 808-521-5484

Note: You cannot bind, alter or cancel coverage without speaking to an authorized representative of Insurance Factors. You cannot assume that coverage is bound without confirmation from an authorized representative of Insurance Factors.

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.



March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011
TIME: 9:00a.m.
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

LYZ, Inc. **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

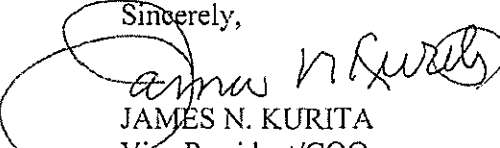
Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

LYZ, Inc **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,



JAMES N. KURITA
Vice President/COO



P.O. Box 2866
Honolulu, Hawaii 96803
(808) 527-7777

TESTIMONY OF ISAAC KOSASA

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Tuesday, March 15, 2011
9:00 a.m.

HB 924, HD2

My name is Isaac Kosasa, Assistant Vice President of First Insurance Company of Hawaii. First Insurance Company of Hawaii opposes this bill. We emphasize that part of the Group Builders case is still pending the Intermediate Court of Appeals. Second, this bill contains retroactive provisions which we believe are unconstitutional and could lead to further litigation. Finally, the provisions of HD2 contain many provisions which could lead to unintended consequences such as market constriction.

First Insurance Company underwrites construction liability insurance policies and we have a significant market share in this line of business. We continue to do business in this area and have endorsed all policies of this nature going forward. If HB 924, HD2 is passed, First Insurance Company will review our underwriting guidelines for this line of insurance.

Thank you for the opportunity to testify.

Testimony for CPN 3/15/2011 9:00:00 AM HB924

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: Al Lardizabal
Organization: Hawaii Laborers' Union
Address:
Phone:
E-mail: Lardizabal@local368.org
Submitted on: 3/14/2011

Comments:
March 14, 2011

Senator Rosalyn H. Baker and members of the Committee:

This bill is one of the most important of many bills that hold the future of construction in Hawaii. Contractors and professionals that provide expert services to the industry are directly affected. Hundreds of construction workers could also be affected seriously with the closure of a construction firm due to bankruptcy from claims. Please restore the insurance protection that was provided and paid for. Thank you for allowing this late testimony.

Al Lardizabal
Director, government Relationsd
Hawaii Laborers' Union

Peggy Mierzwa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2011 1:10 PM
To: CPN Testimony
Cc: Lardizabal@local368.org
Subject: Testimony for HB924 on 3/15/2011 9:00:00 AM

Testimony for CPN 3/15/2011 9:00:00 AM HB924

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: Al Lardizabal
Organization: Hawaii Laborers' Union
Address:
Phone:
E-mail: Lardizabal@local368.org
Submitted on: 3/14/2011

Comments:
March 14, 2011

Senator Rosalyn H. Baker and members of the Committee:

This bill is one of the most important of many bills that hold the future of construction in Hawaii. Contractors and professionals that provide expert services to the industry are directly affected. Hundreds of construction workers could also be affected seriously with the closure of a construction firm due to bankruptcy from claims. Please restore the insurance protection that was provided and paid for. Thank you for allowing this late testimony.

Al Lardizabal
Director, government Relationsd
Hawaii Laborers' Union

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Hawaii State Capitol, Room 230
Via Email: CPNTestimony@Capitol.hawaii.gov

FROM: American Insurance Association

DATE: March 14, 2011

RE: **H.B. 924, H.D.2 – Relating to Insurance**
Hearing: Tuesday, March 15, 2011 at 9:00 a.m., Room 229

The American Insurance Association opposes H.B. 924. H.D. 2, Relating to Insurance.