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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Wednesday, February 4, 2015
2:45 p.m.

TESTIMONY ON HOUSE BILL NO. 380 – RELATING TO THE HAWAII PROPERTY INSURANCE ASSOCIATION.

TO THE HONORABLE ANGUS MCKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports the intent of the bill and submits the following comments:

This bill requires member insurers of the Hawaii Property Insurance Association (“HPIA”) to offer a minimum number of policies proportionate to their market share on properties that are situated in areas designed for coverage by the Commissioner and that have been previously and continuously insured since June 1, 2014. The bill also prohibits the HPIA from issuing or continuing a moratorium on issuing policies on those same properties.

The requirement that HPIA member insurers offer policies proportionate to their market share may discourage certain insurers from writing property insurance. In addition, forcing insurers to accept all property risks may create solvency problems for smaller companies. Finally, it should be noted that the bill requires member insurers to only “offer” policies; the insurers therefore retain discretion over whether to write them.

House Bill No. 380
DCCA Testimony of Gordon I. Ito
Page 2

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



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1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877

Alison H. Ueoka
Executive Director

TESTIMONY OF ALISON UEOKA

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Angus L.K. McKelvey, Chair
Representative Justin Woodson, Vice Chair

Wednesday, February 4, 2015
2:45 p.m.

HB 380

Chair McKelvey, Vice Chair Woodson, and members of the Committee, my name is Alison Ueoka, Executive Director of the 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 thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council opposes this bill. The purpose of the bill appears to be to require HPIA and all other insurers to issue policies in the area of Puna which has an active lava flow that could impact homes in the area. This would severely negatively impact those insurers whose business models do not presently include homeowners insurance at all, like a company who only writes personal auto insurance or workers' compensation insurance. The result of this mandate on these types of companies could have a chilling effect on their business decision to continue in their chosen line of business. Similarly, requiring property insurers to do the same removes the ability for the insurer to control their book of business or underwrite. The bill's content also appears to be much broader than its title.

Hawaii Insurers Council is active in finding a workable solution for both insurers to ensure the property market remains stable and to insureds in Puna regarding insurance coverage while the lava could potentially destroy homes. There are many issues to

consider and there are widespread potential consequences to legislative mandates.

Some of the issues that HIC are considering follows:

1. If HPIA is allowed to grow unchecked, its losses could exceed the capacity to pay and place the burden first on the insurance industry and then on its policyholders including non-property policyholders. Because insurers may only recoup losses 2% at a time, there may be large losses insurers will have to front for years. Perhaps limited growth in HPIA is a consideration and a general fund infusion should monies in HPIA be insufficient.
2. If carriers are required to take all comers and keep all policies, there may be a marketplace tightening in all areas of property and casualty insurance throughout the state. Consider allowing insurers to nonrenew at a capped rate.
3. Insurers must be able to underwrite. If an insurer must take any risk regardless of its condition, this creates a significant moral hazard and greatly increases their exposures. Consider continuing to allow all insurers and HPIA to underwrite risks.
4. Every situation in which the exposure for losses is increased for Puna will transfer that exposure to others in Hawaii.

Hawaii Insurers Council stands ready to assist the Legislature in finding a mutually agreeable solution. Thank you for this opportunity to testify.



Indigenous Consultants, LLC

Mililani B. Trask, Principal

P.O.Box 6377 ❖ Hilo, HI 96720

Mililani.trask@gmail.com



Bill: HB 380 RELATING TO THE HAWAII PROPERTY INSURANCE ASSOCIATION.

Date of Hearing: 2-4-15

Place: Room 325

Time: 2:45

Committee: CPC

Aloha Legislators,

Indigenous Consultants (IC) is a Hawaii based, indigenous LLC owned and operated by Native Hawaiians. It was created to assist indigenous peoples in developing their renewable energy resources in ways that are: Culturally appropriate, environmentally green and sustainable, socially responsible and economically equitable and affordable.

For several years IC has worked with the local community in Puna & the abutting areas. Recently, the Puna area has been impacted by several natural disasters including high winds, hurricane and lava flows. These disasters have had a devastating effect on the community. Many of the families in the Puna area have paid insurance for years, but are now finding that their policies are being cancelled. These families continue to be at risk from natural disasters but cannot obtain insurance. In addition, some families fear their inability to maintain (or obtain) coverage will impact their home loan obligations.

IC strongly supports this measure because it addresses this unfair practice. The purpose of HB 380 is to require member insurers of HPIA to offer a minimum number of policies proportionate to their market share on properties that are situated in the areas designated for coverage by the insurance commissioner that have been previously and continuously insured since 06/01/2014. It prohibits HPIA from issuing or continuing a moratorium on issuing policies on those same properties.

Please support this measure,

Regards,

Mililani B. Trask – Indigenous Consultants LLC

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 30, 2015 4:28 PM
To: CPCtestimony
Cc: mgarbarino@hawaiiibigislandappraisals.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 1/30/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Garbarino	Real Estate Appraisal Business	Support	No

Comments: I support passage of this bill as a no-nonsense, common sense, and morally correct measure to undo a grave injustice that is occurring. The insurance "moratorium" has given excuse to insurers to refuse to renew existing policies as they expire. This is analogous to cancelling one's health insurance because of an illness. The effect of the moratorium is to destroy property values throughout the moratorium area, as homes have become "un-sellable" - no prospective buyer can obtain a mortgage, because the buyer also cannot obtain insurance coverage. This bill only requires that those who already have insurance get to keep it as long as they keep paying for it. It should already be the law that such be required.

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Hawaiian Shores Community Association

15-2793 S. HONU STREET PAHOA, HAWAII 96778

PHONE (808) 965-8140 FAX (808) 965-0802

EMAIL: hsc@hawaii.rr.com

Website: www.hawaiianshores.org



Date: Feb. 1, 2015

To: Representative Angus McKelvey, Chair
Representative Justin Woodson, Vice Chair
Members of the Committee on Consumer Protection and Commerce

From: Hawaiian Shores Community Association
Board of Directors
M. Eileen O'Hara, President

RE: **HB380**– RELATING TO THE HAWAII PROPERTY INSURANCE ASSOCIATION.
HPIA; Mandatory Issuance of Policies; Removal of Moratorium
Committee on Consumer Protection and Commerce: 2/4/15: 2:45 PM, Rm #325

Dear Representative McKelvey, Representative Wookson, and Committee Members:

Please support the passage of HB380! The Board of Directors of **Hawaiian Shores Community Association (HSCA)** represents a subdivision with a well-based public water system (PWS-156) serving 1294 residential lots in lower Puna. We were hard hit by Tropical Storm Iselle on August 7, 2014; losing electricity for two weeks and water service for two days due to lines being damaged by toppled 150' Albizia trees. We are now being threatened by lava, although the initial finger of the June 27, 2014 flow that was marching directly towards our well and mauka portions of our subdivision fortunately stalled on Oct. 30, 2014. The current status of the active flow appears to be headed north of our subdivision, although may impact our community severely should it cross Highway 130. **We have already experienced great economic loss**, first from the hurricane, and now from the impacts of the lava flow.

To date, the June 27th lava flow has only burned one residence mauka of Paho town. Its current path does not directly threaten any of the densely populated subdivisions in lower Puna, yet the whole Puna District has suffered economic harm by being under a moratorium announced by HPIA after the emergency declaration was signed by the Governor on Sept. 4, 2014. The Puna District is larger than the island of Oahu. **The vast majority of the district is not under threat from lava inundation.**

Allowing the publically supported insurance market to place a moratorium on drafting new insurance policies has the domino effect of empowering private insurers to refuse to renew policies in good standing, which they are not prohibited from doing under State law. Several residential owners in our community have received letters from their insurers, some who

have been paying their premiums diligently for as long as 32 years, informing them their policies will not be renewed! **Allowing this situation to continue spells economic death for the District of Puna** which is home to over **20,000 people**. Already, property owners, who need to leave the district due to health impacts from the VOG and air pollution caused by lava fueled fires, have had to sell their properties for less than 50% of the June 2014 value of those properties as without insurance options, only cash sales can occur. This kind of economic loss cannot be easily absorbed by the vast majority of Puna's population where the medium income is less than the State's average household income. Allowing this situation to continue amounts to an economic injustice of great proportion and the potential for litigation against the State or Hawaii.

It is the role of government to intervene in market failures such as this insurance crisis in Puna. **We urge you to do your duty as publically elected officials and instruct HPIA to lift the moratorium.** When insurance companies, whether they be publically supported or private, are allowed to operate in markets only when there is no risk, you create an unlevel playing field. If this insurance issue is not addressed in this 2015 session, the Puna District will empty out faster than a full bucket of water with a hole in the bottom. That exodus will not be due to lava, but due to inaction by our State government and its inability to act smartly and quickly in response to natural disasters.

Please pass this bill and encourage the return of economic vitality to the Puna District on the Big Island!

Mahalo,

M. Eileen O'Hara, Ph.D.

M. Eileen O'Hara, Ph.D. (Natural Resource and Environmental Economics)
President, Board of Directors
Hawaiian Shores Community Assn.

Date: January 30, 2015

My husband and I are in our early 60's. We are both retired military officers and we are both disabled veterans.

We moved to Hawaii after we retired and bought a house in Hawaiian Beaches. Because we live in Lava Zone 2, we are very concerned that our insurer will decide at some point to stop insuring us. We know of a few people in our neighborhood who have received will-not-renew notices because their insurers have decided that continuing coverage in this area is not a good business decision – for them.

If our insurer decides to stop covering us, even though we have paid on time every year since we bought the house, there will be no other insurers who will step in with coverage. I doubt that our lender would continue to service our mortgage without insurance and we do not have enough money to pay off the balance of the mortgage in full. To compound the problem, we would not be able to sell the house unless the buyer paid cash and did not mind not being able to insure the house.

We strongly advocate a lifting of the moratorium on writing new policies, as well as requiring our insurers to renew our policies as long as they are paid on time. Without that protection, many of us here will lose the only valuable asset we have.

Sincerely,

Marcia Brinkley and Jeffry Brinkley
Pahoa, HI

Aloha,

I am a 64 year-old retired college professor. My rental property in lower Puna (Kapoho) is my sole retirement income at present. There are hundreds of others in the community in the same position.

If you allow the Insurance companies to manipulate the legal system, property values will quickly decline and go into foreclosure, creating many more difficulties for the government, banks and homeowners. Don't be shortsighted. The current minor lava-flow has been blown way out of proportion. It will pass and the community and government should not over-react. Lift any insurance moratorium and allow any transfer of property ownership to be accompanied by the existing insurance policy on the property. It is simply common sense and minimizes the necessity of legal wrangling and court battles. Insurance companies are in the business of assuming risk. If they don't wish to do this, they should close their doors entirely.

Hawaii IS a volcano. Allowing any insurance moratorium sets a precedent that will eventually devastate the real estate market, mortgage banking and property owners.

I strongly support HB380 or any other proposal that addresses the property devaluation issues in lower Puna.

Thank you for your time and consideration.

Stephen Meadows
property owner, Kapoho Beach Lots

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 30, 2015 10:40 AM
To: CPCtestimony
Cc: accountantea@yahoo.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 1/30/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
SUSAN A. MUNDAY	Individual	Support	No

Comments: OUR PROPERTY VALUES, AND SAFETY IN OUR LOWER PUNA COMMUNITY, ARE PLUMMETING AS MORE PROPERTIES ARE ABANDONED. ABANDONMENT IS HAPPENING BECAUSE THOSE WHO ARE LEAVING IN FRONT OF THE LAVA FLOW CAN NOT RENT OR SELL. FORECLOSURES ARE RAMPANT. INSURANCE COVERAG E FOR NEW OWNERS WOULD TURN THE ECONOMIC TIDE. PLEASE PASS THIS BILL.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 30, 2015 1:31 PM
To: CPCtestimony
Cc: steve_hirakami@notes.k12.hi.us
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 1/30/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Hirakami	Individual	Support	No

Comments: I have been a resident of Kalapana since 1974. The current eruption started on Jan 3, 1983. By 1990, we had lost about 200 residences totaling \$30M in damages. Shortly thereafter in 1992, Hurricane Iniki devastated Kauai and caused billions of dollars in damages. The insurance companies immediately started pulling out of Hawaii. The State formed a pool of insurance companies called HPIA to insure that homeowners can get their properties covered even if they were in a lava hazard zone. Now, a little over 20 years later, Puna residents find themselves in the same predicament. There has and will continue to be a huge economic impact to Pahoia and the surrounding areas. Economic recovery is an important factor in the future of the residents and businesses in the fastest growing area in Hawaii. Continued insurance coverage is paramount to the sustainability of this rural community. When disasters happen around the world, America has always reached out to help. We need Hawaii legislators to reach out to the far reaches of the State to help in the recovery efforts in Puna. Thank you for supporting this measure.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 30, 2015 1:54 PM
To: CPCtestimony
Cc: wanuka9@live.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 1/30/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Vaunda Stenzel	Individual	Support	No

Comments: We live in Lava Zone 1 in Leilani Estates. It is unfair to allow insurance companies to put a moratorium on issuing or renewing homeowner's insurance in this zone.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 31, 2015 10:52 AM
To: CPCtestimony
Cc: mdemey@hawaiiantel.net
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM
Attachments: Puna Homeowner.doc

HB380

Submitted on: 1/31/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Anne De Mey	Individual	Support	No

Comments: Please restore Homeowner's Insurance to Puna. The current moratorium has already caused a mass exodus of landowner's at fire sale prices. This moratorium seems like a money grab from the insurance companies; they will take your money when there is no risk but if there is a risk they exit! What kind of message does that send to the citizenry that has invested in Hawaii?

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Mary Anne De Mey
15-2778 Popaa Street
Pahoa, HI 96778
808-965-0748

I am a senior citizen; my husband and I have owned land in Hawaii since 1986 and we built our dream home in 1997. The home has been continuously insured since 1997. The County of Hawaii has collected real property tax revenue from us since 1986.

Our home represents a significant investment. Now that we are older, we had planned to sell our panoramic ocean view home; the home sits on a small hill. The home is located in the subdivision Hawaiian Shores Recreational Estates.

We cannot sell our home. Please visit the website Zillow.com; type in the above address and you will see that we have a lovely, desirable home.

The problem is it is not sellable without property insurance.

I am in strong support of Bill 380. Please restore property insurance to Puna!!

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 31, 2015 11:05 AM
To: CPCtestimony
Cc: mary.demey@yahoo.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM
Attachments: Puna Homeowner-Michael.doc

HB380

Submitted on: 1/31/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Michael De Mey	Individual	Support	No

Comments: The lack of homeowner's insurance in lower Puna is creating a financial mess for many citizens. Their homes are cannot be sold; who would invest in a property that is uninsured? Please restore HIPA and lift the moratorium now in place

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Michael De Mey
15-2778 Popaa Street
Pahoa, HI 96778
808-965-0748

I am a senior citizen; my wife and I have owned land in Hawaii since 1986 and we built our dream home in 1997. The home has been continuously insured since 1997. The County of Hawaii has collected real property tax revenue from us since 1986. The County of Hawaii has issued building permits since our subdivision was developed over forty years ago.

Our home represents a significant investment. Now that we are older, we had planned to sell our ocean view home; downsize and use our capital gains as part of our retirement portfolio.

We cannot sell our home. The problem is it is not sellable without property insurance.

I am in strong support of Bill 380. Please restore property insurance to Puna!!

woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 31, 2015 12:19 PM
To: CPCtestimony
Cc: occupyhilomedia@yahoo.com
Subject: *Submitted testimony for HB380 on Feb 4, 2015 14:45PM*

HB380

Submitted on: 1/31/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Kerri Marks	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 10:13 AM
To: CPCtestimony
Cc: vidsolve@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM
Attachments: testimony insurance moratorium.doc

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
john rogers	Individual	Support	Yes

Comments:

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At a bare minimum, HIPA should at least offer basic fire insurance for fire caused by sources other than lava, in other words- HIPA should at least offer fire coverage that excludes any damages caused by lava, and also exclude access to property coverage caused by lava or landslides as well so HIPA has zero unfair risk from anything caused by lava. I have spoken with an upper-administrative person at the insurance commissioners office, and he said this is do able and seems legally sound. Perhaps the only thing that HIPA would have to do that might cost something is putting together the legal language so the policy would not have any issues or vulnerability to law suits. I think HIPA can do this, it can't be that monumental to craft this exclusionary type of coverage, and to reiterate- there would be no exceptional risk to them with the exclusion of anything caused by lava.

I have finally finished building a home in Puna district, and I cannot even obtain insurance protecting my home from fire. My entire life savings could go up in smoke literally should there be an act of arson or a common household fire. I am not concerned about lava but I am concerned about protecting my out of pocket investment in this home due to arson or a household fire not caused by lava. This could be offered to everyone without subjecting HIPA to unfair risk. This would help cash purchasers by giving them some kind of fire and liability protection for a home they want to purchase. This would not help anyone needing to borrow the money necessary to finance a home, but it would offer cash buyers some protection and without any undue risk to HIPA. This would be a first step in helping home owners and potential buyers in the affected areas of lower puna. Please consider this first step. I have spoken to the Hawaii State Insurance Commissioner's office regarding this simple solution. Thank you for your kind consideration. John Rogers, Puna home owner-builder

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 3:10 AM
To: CPCtestimony
Cc: archline@archline.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Charles Traylor	Individual	Comments Only	No

Comments: My wife, Corinne, and I completed construction on a new home in Hawaiian Shores Recreational Estates in Pahoa (15-116 Kuna Street) in November 2013. It was appraised at \$480,000. We obtained a mortgage for \$345,000 in March 2014. Subsequently, we put another \$80,000 cash into additional improvements in anticipation of refinancing at a lower interest rate. After the June 27 Lava Flow was announced we contacted our mortgage lender, First Hawaiian Bank, about refinancing, because mortgage interest rates for new loans and refinancing had dropped dramatically. We figured that with the additional \$80,000 we had invested in our home the value would have increased proportionately, and the loan amount would have gone up, too. Unfortunately, because of the HPIA moratorium on providing new insurance policies in Lava Zones 1 and 2, and because of a general overall downgrading of real estate values in these zones by much of the financial, insurance and appraisal industries, we found that we not only could not obtain the financing we sought, but that we had probably and suddenly become upside down on our mortgage loan. Real estate values are traditionally based on three criteria, comparables, replacement cost and depreciation. Our financial resources have chosen to base real estate values in Lower Puna since the announcement of the June 27 Lava Flow only on comparables, which they themselves have obliterated by their refusal to support and loan to obvious value. No consideration is any longer being given to replacement cost or to the influences of depreciation, that is, for example, newer properties are inherently worth more than older properties otherwise similar in size and quality. Corinne and I are originally from Texas, where tornadoes and hurricanes are an everyday fact of life. Never in my experience, having lived in Texas, have I ever seen similar financial resources in that state suddenly and brutally turn the tables on their citizens as we have seen taking place here in Hawaii. And looking back at the history of financial dealings here on the Big Island and specifically Hilo, there does not appear to be any precedent in that city for gutting real estate values, based on either lava flows or tsunami events. It is extremely bothersome that Lava Zones 1 and 2 have been selected for this unfair treatment. The four big box retailers in Pahoa (Malama Market, Ace Hardware, Longs and Lex Brodie), who temporarily shut their doors, when the lava was coming close, are either already back in business (Longs is open now), or will open soon. Ace Hardware will reopen later today. Malama Market is planning a substantial remodeling and expansion. These successful businesses know that Lower Puna is a good bet. HPIA and other financial resources, by not showing similar good faith in our community, are beginning to look bad. I can only imagine what their real motives might be, but I can tell you that it is not good. I think it is high time that the State of Hawaii Legislature step in to use their considerable clout to bring these folks back into line. Best regards, Charles Traylor

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 9:15 AM
To: CPCtestimony
Cc: corinne75229@hotmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM
Attachments: Support of HB 380.docx

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Corinne Traylor	Individual	Support	No

Comments:

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In Support of HB380

When the lava flows reached within 4 miles of the outskirts of Hilo in 1984, was Hilo declared a disaster area and was there a moratorium on providing new insurance policies for homes in Hilo?

Why is the entire area of the Puna district being punished when only a small area is affected by the day by day diminishing lava flow which seems to be stretched to its limits?

My husband and I built a new home in Pahoehoe and obtained a mortgage in March 2014 (before the lava flow). Then, we put more cash into additional improvements including solar panels with the intention of refinancing upon completion of all the improvements.

After the June 27 Lava Flow was announced, we contacted our mortgage lender about refinancing the cost of the substantial cash outlays for improvements. Unfortunately, because of the HPIA moratorium on providing new insurance policies in the Puna district, and the resulting downgrading of real estate values by appraisers, we found that we not only could not obtain the financing we sought, but that we had suddenly become upside down on our mortgage loan. Nor, would we be able to sell our house due to the sudden lack of insurance.

Never in our entire life, have we seen similar financial resources in a state suddenly and brutally turn the tables on their citizens as we have seen taking place here in Hawaii.

Surely, insurance companies, doing business in Hawaii, were aware of the lava risk at the outset. Insurance companies are supposed to cover risk. If they are not willing to cover risk, then why should insurance be required at all by lenders? And, just what is the risk of lava compared to tornadoes and everyday fires?

The HPIA moratorium should be removed immediately. If HPIA is not going to take this action, then the state of Hawaii legislature should bring HPIA and other insurance companies back into line by insisting that insurance be provided to all the residents in Hawaii as a requirement of doing business here in Hawaii.

woodson2-Rachel

From: Dave Kisor <panther_dave@yahoo.com>
Sent: Sunday, February 01, 2015 11:47 AM
To: CPCtestimony
Subject: In support of HB380

Aloha CPC Committee

Insurance is a a calculated risk and the last thing an insurance company wants to do is pay off on something like this, so I'm surprised they haven't whined about this being an act of god. This Island is a work in progress and all concerned should be aware of that risk, but with the prohibitive cost of building materials to replace a structure, those with insurance should be able to keep it. Yes on HB380. If the insurance companies don't like it, they can lump it and find another line of work. Insurance is the reason costs of almost everything is so high, but that is a rant for another time!

Mahalo,
Dave Kisor,
Nanawale resident, Veteran USN/USNR; USFS research tech, retired; Geogrspher

woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 11:55 AM
To: CPCtestimony
Cc: thesnovers@mac.com
Subject: *Submitted testimony for HB380 on Feb 4, 2015 14:45PM*

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Ursula Snover	Individual	Support	No

Comments:

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woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 12:17 PM
To: CPCtestimony
Cc: hsteele1@msn.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Harriet Steele	Individual	Support	No

Comments: Please pass this bill as my house is my life's savings.

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Support for HB 380

My name is Solveig Lamberg and I have been living in lower Puna since 2005. I am past retirement age, but I cannot retire or plan to retire since the value of my house has plummeted. I am not alone in this situations. Many others have already retired and are on fixed incomes relying on the value built up in their homes to get by.

I urge the Senate to pass this bill in the name of fairness. In other parts of the United States, insurance moratoriums have not been placed on other high-risk environment areas. There is no insurance moratorium on homes in the tornado zone, the East Coast flood zones or hurricane zones.

Given this background, how can HIPA be justified in placing a moratorium on insurance in Puna? First of all, the lava will affect a small portion of lower Puna, not the entire area. The number of claims that might result are relatively small in relationship to the number of homes here. And isn't this the function of insurance to act as safety net for those who may be affected by unfortunate circumstance? It appears not. HIPA has decided that because there is a risk of increased claims, they have the right to place a moratorium on all properties in the area. This does not seem to agree with the purpose of insurance companies or a sense of fair play.

I strongly support the passage of HB 380.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 12:49 PM
To: CPCtestimony
Cc: lizzyfitz12@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Fitzpatrick	Individual	Support	No

Comments: As a property owner in Hawaiian Beaches, I support HB380. For many years we were insured through HPIA. They knew our property was lava zone two and never had a problem taking our money for our policy. Now that the threat is real, and we need this insurance more than ever, they are pulling out. Its just not the right or just thing to do. HPIA knew the risks and has been insuring people for years. Now that we need them, they are going to abandon us. Fortunately for my husband and I, we switched insurance companies right before Hurricane Iselle and we dont have to face the awful prospect of owning a home with no insurance. However living and working in Pahoia makes this bill important to our neighbors and our community. You legislators have an awesome opportunity to help out many people who so need this protection. Here's to doing the right thing.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 2:41 PM
To: CPCtestimony
Cc: lornd@yahoo.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Lorn	Individual	Comments Only	No

Comments: It time for the State to stand up for the residents of Lower Puna. Over 99% of us are NOT in harms way yet are affected by the moratorium. Please support this bill, Mahalo Lorn DOuglas

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Sent: Sunday, February 01, 2015 4:17 PM
To: CPCtestimony
Cc: dluboff@earthlink.net
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
David Luboff	Individual	Support	No

Comments: I am a homeowner in the District of Puna and wish to express my support for HB 380. Thank you.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 01, 2015 7:32 PM
To: CPCtestimony
Cc: kramernshaw@hawaiiantel.net
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
David Shaw	Individual	Support	No

Comments: Aloha Representatives: It is vital to the housing stock and the greater Puna economy that home insurances continue to be renewed. Affordable housing availability depends upon the ability to insure homes in areas of some risk - just what HPIA was designed to do. Please vote 'Aye" on HB 380 and help to keep a vital part of the economy of Hawai'i Island alive and contributing to the well-being of families. Mahalo, David

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Sent: Sunday, February 01, 2015 8:57 PM
To: CPCtestimony
Cc: jr.miles@yahoo.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Jesse Russell Miles	Individual	Comments Only	No

Comments: The lava has been flowing for over 30 years, any expectation that it stop flowing is unfounded. Offering insurance in this area, while the volcano was active, created a false sense of security and appeared to endorse the expectation that these Zone 2 properties would be safe. While I appreciate that many new residents have made significant investments into their homes, I still feel that areas of Puna downslope from an active vent should not be eligible for new policies. I realize this could wreak havoc on real estate prices, but continuing to endorse development in this area can only lead to more people losing their homes. I would like to state unequivocally that I support the continuation and/or extension of policies already held by Puna area residents.

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Sent: Sunday, February 01, 2015 9:29 PM
To: CPCtestimony
Cc: nancy@pahoacpa.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/1/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy J Kramer	Individual	Support	No

Comments: I am a homeowner, business owner, and landlord in Lower Puna. The prospect of losing insurance coverage for my properties is devastating. This proposed legislation protects what we have at no more risk to my insurance company than what was there for the past seven years when it was collecting my premiums. What's more, it is likely to continue to collect premiums from me for the next seven years or more as what I own is not projected to be in harms way. But it is in Lower Puna. This is what insurance is all about. It is not right that the insurance companies can take our money when there is no danger but then walk away from the same house in the same neighborhood that has been insured all along. This year it is Puna and lava. All of our islands are the result of volcanic activity and in hurricane and tsunami zones. Next year it could happen iany where in Hawaii. HPIA is here to help us protect ourselves and this legislation makes sure that we have availability to insurance to make this possible.

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Sent: Monday, February 02, 2015 10:19 AM
To: CPCtestimony
Cc: carrie1@hawaii.rr.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Johnson	Individual	Comments Only	No

Comments: We own a beautiful house in lower Puna. It has been on the market about one year. We had frequent viewings until the lava flow began coming toward Pahoia. Now the real estate market doesn't exist. Partly it is because of lack of availability of insurance. Our house is not threatened, the County has developed additional access roads. Our home is our primary investment so its value affects our economic position. We are unwilling to lower the price in a market that doesn't exist at this time. What would you do in this situation? If this insurance was created for these situations, wouldn't you want it available? How unthinkable to cancel the possibility of new policies.

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Sent: Monday, February 02, 2015 11:19 AM
To: CPCtestimony
Cc: lyonjude@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Judith E. Lyon	Individual	Support	No

Comments: I wish to thank Mayor Kenoi and Rep. San Buenaventura for putting the needs of the people of Puna before the excessive profits and acts of usury being imposed by various home owner's insurance companies. I live in upper Aina'loa, a few miles from the flow. I recently contacted my insurance company to make sure I was fully covered and was told that as long as my house burns in fire from the lava, I'll be fine. However, I was put on alert that next November, at the time of my annual renewal, I may be cancelled due to "risk." It strikes me as rather disingenuous to require home owners insurance, to satisfy your mortgage, and then have the insurance company back out of their coverage when presented with a risk. What happens to home owners who are required to have insurance and no longer can? Are all home owner mortgages immediately due? I don't know and I don't want to find out. I support the protection of all Hawaii's citizens in the event of unpredictable crisis such as lava flow. Either these insurance companies play by the rules, or they need to be denied access within our state. I wholly support this bill and would like to suggest the state consider eliminating "outside" insurance companies from participating in profit making in Hawaii without submitting to the inevitable risks that come with it. Thank you! Judith Lyon

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Sent: Monday, February 02, 2015 11:54 AM
To: CPCtestimony
Cc: ReidC@hawaii.rr.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Reid E. Choate	Individual	Support	No

Comments: We and many other residents of Puna have been paying our mortgages, taxes and insurance for many years. We should not be denied insurance because it may, or may not, be more of a risk. We own several properties in Puna and believe it still has great potential for growth, with the government support that our tax dollars are paying for.

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Sent: Monday, February 02, 2015 1:22 PM
To: CPCtestimony
Cc: punapat@hotmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Pat Ketcham	Individual	Support	No

Comments: " I have lived in Lower Puna for the last 11 years - my home has been a large part of the financial planning for sustaining the rest of my life. I now find that the air conditions make it largely impossible for me to continue living there. The property is currently mortgaged. This greatly limits my options. I am currently weighing whether to endanger my health or financial future - neither a pleasant choice. If insurance is not available my home becomes essentially un-saleable and worthless - except that I must keep pouring money into what is rapidly becoming a black hole. While I am aware that property values in the current situation will still result in a financial loss if I am able to sell my home, my credit would not be impacted and I might salvage a bit of my investment. Since these home sites were approved by the county government and have existed safely for over 40 years it is unconscionable that insurance companies - after collecting from us for all these years should be able to "get off the hook" at the first sign that they might actually have to pay off. I urge you to support Joy San Buenaventura's attempts to hold the insurance companies to their responsibilities and to stop holding all the residents of Lower Puna hostage to their bottom line. It is likely that the current lava threat may continue for the next 20 years - given Kilauea's history. To hold us in limbo and drain our resources while doing so is not responsible governance."

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Sent: Monday, February 02, 2015 1:58 PM
To: CPCtestimony
Cc: hiro.yanagihara@gmail.com
Subject: *Submitted testimony for HB380 on Feb 4, 2015 14:45PM*

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Hiroshi Yanagihara	Individual	Support	No

Comments:

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woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 2:12 PM
To: CPCtestimony
Cc: traceygirl007@juno.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Tracey Aguinaldo	Individual	Support	No

Comments: I am in support of removing the current insurance moratorium for Lava Zones 1 & 2 on the Big Island. We currently have our home for sale, there are parties interested, but are unable to obtain insurance. This insurance moratorium is unfair and makes a lot of residents in lower Puna feel "stuck".

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 3:07 PM
To: CPCtestimony
Cc: revjuleshi@aol.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Julia Paul	Individual	Support	No

Comments: Restore HPIA insurance to lower Puna. Negative impact to real property tax coffers if no insurance is available. Worst case scenario whole neighborhoods abandoned, filled with short sales and bank owned properties that no one will buy.

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Greetings, Honorable Legislators...

My name is Frances K. (Frankie) Stapleton and I have been a homeowner and resident of Puna, in Nanawale Estates subdivision for the past 35 years. I want to testify in support of HB737 as introduced by our Dist. 4 Rep. San Buenaventura.

When I bought my federal-govt subsidized home in Nanawale 35 years ago, there were no lava zones. I had no problem getting the required home insurance. The first mention of lava zones was in a 1978 USGS publication, not something the general public or business community was immediately aware of. It was when geologist Christina Heliker updated the lava zone study in 1990, with subsequent wide media coverage, that real estate lenders and insurance companies started using the lava zones for a basis of their business transactions.

It was only in the past few years that State Farm quit writing new policies for Lava zones 1 & 2 and thankfully, SF grandfathered in those of us who had been buying their home insurance for many years. This bill, HB737, puts teeth into that practice, to mandate the grandfathering in of such policies, their current "bill of business," I think is the term the insurance industry uses.

While the state insurance commissioner has stopped insurance companies from canceling policies in the Lava Zones 1 and 2 which covers much of lower Puna, there is nothing in state law that prohibits insurance companies from NOT RENEWING policies. And more than Zones 1 and 2 are being impacted by the eruptive activity now moving into NE Puna.

If insurance companies refuse to renew policies currently on their client list, financial institutions could call in our mortgages as the mortgages require insurance coverage for the properties. This would be catastrophic economically for family homeowners, Puna businesses and mortgage lenders!

Real estate brokers have testified before the Hawaii County Council that denying insurance coverage in lower Puna totally devalues approximately half a billion dollars' worth of real property. Those are our homes and businesses and they may be worthless to the outside world but many residents here are retirees and these homes represent our lifelong investment as well as being the only roof we've got over our heads! Puna also has a large Hawaiian population, some of whom have lived in Puna for generations and built their homes through self-help programs.

In time, other communities in Hawaii could be similarly affected as recent seismic activity reminds us that Mauna Loa has been docile since March 1984. There are potentially thousands in harm's way when Mauna Loa goes off again (no if about it!).

Banks require homeowners to have hurricane insurance in addition to fire insurance as part of their mortgage approval. The last hurricane to hit Hawaii was Iniki on Sept. 11, 1992. The category 4 hurricane caused major damage to Kauai and parts of Oahu with winds up to 160 mph. It took years for business to rebuild on Kauai.

After the storm in 1992 many insurance companies in Hawaii stopped writing hurricane insurance policies. Some insurance companies even declared bankruptcy. The state created the Hawaii Hurricane Relief Fund and in 2002, insurance companies began writing hurricane insurance policies again. The state stopped collecting funds for the HHRF at that time.

So the state has set the precedent in stepping in to help where natural disasters have impacted the availability of insurance and the financial viability of a community. I'm sure the people of Kauai appreciated the state's remedy. And I think those who lose their home or business insurance due to being located in Lava Zones 1 and 2 should get similar relief. Maybe the Hawaii Hurricane Relief Fund should become the Hawaii Natural DisasterFund.

Insurance is based on sharing the liability of various risks. All of Hawaii residents face a wide variety of potentially dangerous natural events: hurricanes, lava flows, tsunamis, earthquakes. As we learned with the inundation of Kalapana, eruptive activity can be a longterm disaster. If you've followed the news since last

August when authorities started warning us about lava flows approaching Pahoia, predicting the precise path or timeframe of eruptive activity is inexact and hard to do.

Our state leaders need to create a safety net for our citizens facing the financial fallout of such natural disasters. The hurricane fund was a good first step. Being a statewide community built on volcanoes, with no continental shelf, the hurricane fund should be the template to create Hawaii's Natural Disaster Relief Fund.

Please approve HB737. Mahalo for your attention to my comments and malama pono.

Frances K. (Frankie) Stapleton
14-803 Crystal Circle,
Pahoia HI 96778
808.965.8945
frankiestapleton@gmail.com

woodson2-Rachel

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 02, 2015 3:34 PM
To: CPCtestimony
Cc: shannonkona@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments: Support.

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Sent: Monday, February 02, 2015 3:39 PM
To: CPCtestimony
Cc: mainstreetpahoah@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Hinshaw	Individual	Support	No

Comments: Aloha, I am writing as an individual and as the President of Mainstreet Pahoah Association, Pahoah's Chamber of Commerce. I also serve as the Chairperson of the Pahoah Regional Town Center Planning Committee, a sub-committee of the County of Hawai'i Planning Department. We strongly support this Bill to lift the HPIA moratorium. This moratorium is having devastating effects on our local economy and we stongly support Representative SanBuenaventura in her efforts to return Puna to a sense of normalcy during the ongoing lava flow. I urge all Representatives to step up and help support our families and businesses by passing this Bill. Mahalo for your consideration.

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Sent: Monday, February 02, 2015 3:43 PM
To: CPCtestimony
Cc: frankiestapleton@gmail.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Sarah Burgess	Individual	Support	No

Comments: Aloha, Representatives, My name is Sarah Burgess and I am a longtime resident of Hawaiian Beaches in lower Puna. I support this bill calling for an end to the moratorium on insurance policies for those owning homes and businesses or hoping to own homes and/or businesses in Lava Zones 1 and 2. We are now in the sixth month of the current threat of lava inundation and despite the dire warnings given to authorities and the general public, not one occupied home or business has been inundated by lava. The County Transfer Station is expected to reopen for acceptance of trash at the end of this month and the one house that burned had no insurance anyway as no one was living in it and it was not up to code. Please let us get on with our lives as we have for the 32 years this eruption has been going on. And please implement a rule grandfathering in the longtime insurance clients' policies so insurance companies are required to renew such longterm clients. Thank you for your compassion at this difficult time in lower Puna. Respectfully, Sarah Burgess, PO Box 2255, Pahoa, HI 96778 phone 808.965.0266 email: momburgess25@gmail.com

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Sent: Monday, February 02, 2015 7:17 PM
To: CPCtestimony
Cc: patriciasummers@live.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Summers	Individual	Comments Only	No

Comments: Prohibit HPIA from issuing or continuing a moratorium on issuing policies on properties.
Companion: SB994

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Sent: Monday, February 02, 2015 9:42 PM
To: CPCtestimony
Cc: tamara@tambrown.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/2/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Tamara Brown	Individual	Support	No

Comments: Please ensure the insurance Companies treat policy holders fairly and aren't allowed to just take our money and run.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 03, 2015 7:25 AM
To: CPCtestimony
Cc: robguz4@me.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/3/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Rob Guzman	Individual	Support	No

Comments: I strongly urge the passage of HB380. As a resident of lower Puna, 15 miles from the lava flow on the other side of a ridge, there is no way this current flow will come anywhere near my home or the homes of thousands of us. We are one of the poorest areas in the state and the few jobs are in vacation rentals and construction. My partner is a contractor. If people cannot get insurance for their homes and rentals, our community will slowly die and many people will be out of work. So far 1 house has been destroyed and it was not insured, so no company was affected by this. It could be months, years, or not even in our lifetimes before many more homes are destroyed by this current flow. The last couple flows on the current side of Kilauea lasted a little over a year, and this current flow may well be the same. HPIA must resume issuing homeowner's insurance in these areas.

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Sent: Tuesday, February 03, 2015 8:19 AM
To: CPCtestimony
Cc: nschomer@msn.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/3/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Nadia Ranne	Individual	Support	No

Comments: Please support the communities affected by the lava flow. Dependable homeowners insurance is critical for the homeowners and our economy.

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Sent: Tuesday, February 03, 2015 11:36 AM
To: CPCtestimony
Cc: punalikeke3@msn.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM

HB380

Submitted on: 2/3/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Lee Wolf	Individual	Support	No

Comments: I may be mistaken but it seems that difficulty in obtaining homeowner's insurance would negatively impact property values and hence our tax base here in the Puna district. Furthermore, insurance companies, which have enjoyed doing business in our district for many years, when faced with the likelihood of having to potentially pay-out against those policies to withdraw from the market at this time seems blatantly unfair. I understand the need for insurers to keep aware of their bottom lines and protect their shareholder's interests. There must be some sort of balancing of both sets of concerns; insurer's financial risk assessment versus homeowner's need for coverage; in order to protect the real estate market and our property tax base. Mahalo for considering this issue important enough to be addressed and Mahalo for taking the time to read my testimony. Sincerely, Laura Lee Wolf.

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TESTIMONY OF ALISON UEOKA – AMENDED

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Angus L.K. McKelvey, Chair
Representative Justin Woodson, Vice Chair

Wednesday, February 4, 2015
2:45 p.m.

HB 380

Chair McKelvey, Vice Chair Woodson, and members of the Committee, my name is Alison Ueoka, Executive Director of the 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 thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council opposes this bill. The purpose of the bill is to require HPIA and all other property insurers to issue and renew policies in the area of Puna which has an active lava flow that could impact homes in the area. The result of this mandate on insurers could have a chilling effect on their business decision to continue. It prohibits property insurers to control their book of business or underwrite.

Hawaii Insurers Council is active in finding a workable solution for both insurers to ensure the property market remains stable and to insureds in Puna regarding insurance coverage while the lava could potentially destroy homes. There are many issues to consider and there are widespread potential consequences to legislative mandates. Some of the issues that HIC are considering follows:

1. If HPIA is allowed to grow unchecked, its losses could exceed the capacity to pay and place the burden first on the insurance industry and then on its policyholders including non-property policyholders. Because insurers may only recoup losses

2% at a time, there may be large losses insurers will have to front for years.

Perhaps limited growth in HPIA is a consideration and a general fund infusion should monies in HPIA be insufficient.

2. If carriers are required to take all comers and keep all policies, there may be a marketplace tightening in property insurance throughout the state. Consider allowing insurers to nonrenew at a capped rate.
3. Insurers must be able to underwrite. If an insurer must take any risk regardless of its condition, this creates a significant moral hazard and greatly increases their exposures. Consider continuing to allow all insurers and HPIA to underwrite risks.
4. Every situation in which the exposure for losses is increased for Puna will transfer that exposure to others in Hawaii.

Hawaii Insurers Council stands ready to assist the Legislature in finding a mutually agreeable solution. Thank you for this opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 03, 2015 3:11 PM
To: CPCtestimony
Cc: ian.l.york@gmail.com
Subject: *Submitted testimony for HB380 on Feb 4, 2015 14:45PM*

LATE

HB380

Submitted on: 2/3/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Ian York	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
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Cc: jstone004@hawaii.rr.com
Subject: Submitted testimony for HB380 on Feb 4, 2015 14:45PM



HB380

Submitted on: 2/3/2015

Testimony for CPC on Feb 4, 2015 14:45PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Stone	Individual	Support	No

Comments: Please urge the insurers to do the right thing. They knew they were writing insurance coverage in Lava zones 1 and 2 when they entered the state and have charged us accordingly all these years. Please do not let them nonrenew our policies or, exclude "lava"

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