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WRITTEN COMMENTS
OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH
ON
TUESDAY, FEBRUARY 14, 2017
9:00 A.M.
CONFERENCE ROOM 229

S.B. 304

RELATING TO THE HAWAII HURRICANCE RELIEF FUND

Chair Baker, Vice Chair Nishihara, and members of the Committee, thank you for the opportunity to provide written comments on S.B. 304.

The Department of Accounting and General Services (DAGS) submits the following comments on testimony provided by Mr. Michael Hamnett, Hawaii Hurricane Relief Fund (HHRF) Board of Directors, on the measure. DAGS does not support Mr. Hamnett's recommendation to have the Risk Management Office assess the feasibility of pursuing parametric insurance and pursue a pilot purchase of parametric insurance because it is beyond the statutory scope, technical knowledge, and staff resources of the Risk Management program.

The Comptroller, through the Risk Management Officer, is authorized by statute to purchase property and liability insurance to protect the State's property, personnel, and operations. As a result, the staffing of the Risk Management Office is comprised of the Risk

Management Officer and three claims adjusters. The Risk Management Officer's primary functions are to work with the State's insurance broker to secure property and liability insurance policies protecting the State's property and employees, provide guidance to State agencies on insurance matters such as insurance coverage limits on State contracts and the interpretation of Certificates of Insurance to ensure contract compliance, and conduct training for departmental risk management coordinators. The three claims adjusters review, evaluate, and approve or deny approximately 1,000 claim requests annually for property, auto, liability, and crime-related insurance claims. A feasibility study on catastrophic hurricane loss financing or the purchase of parametric insurance for non-State property is beyond the statutory scope of the Risk Management program. Additionally, the Risk Management Office does not have the requisite staffing, technical knowledge, or capacity to undertake the analysis.

Unlike the HHRF, the Risk Management Office is not exempt from the Hawaii Procurement Code, chapter 103D, Hawaii Revised Statutes. Accordingly, if the feasibility study is transferred to the Risk Management Office, the Risk Management Officer would need to engage the services of a consultant to conduct the study through a Request For Proposal solicitation, evaluate and award the bid, and enter into a contract, which would likely take six months to complete, with notice to proceed and work to follow. Because of the procurement process, it is unlikely that the feasibility study could be completed 20 days prior to the 2018 regular session as required in the measure.

Thank you for the opportunity to provide written comments.