

SB304

Measure Title: RELATING TO THE HAWAII HURRICANE RELIEF FUND.

Report Title: Hawaii Hurricane Relief Fund; Interest Earned, Catastrophic Loss Financing Arrangement Study; Appropriation (\$)

Description: Requires the interest earned on the balance of the Hawaii hurricane reserve trust fund to be retained in the trust fund. Requires the board of directors of the Hawaii Hurricane Relief fund to conduct a study of the acquisition of a catastrophic hurricane loss financing arrangement with all or a portion of the interest earned in the trust fund. Appropriates hurricane reserve trust fund moneys for the study.

Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): TOKUDA, BAKER, Gabbard, Nishihara

HAWAII HURRICANE RELIEF FUND

335 Merchant Street #213

Honolulu, HI 96813 (Phone: 586-2790)

TO THE HOUSE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Tuesday, February 14, 2017
9:00 a.m.

TESTIMONY ON SENATE BILL NO. 304 - RELATING TO THE HAWAII HURRICANE RELIEF FUND

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

My name is Michael Hamnett, Chair, and I am testifying on behalf of the Hawai`i
Hurricane Relief Fund ("Fund") Board of Directors.

The Fund supports the intent of this bill.


Approximately \$3 million is generated in annual interest by the Fund and that interest is currently deposited into the State general fund. This bill proposes to enable the Fund to (1) retain the annual interest to continue building its reserve and (2) conduct a study to determine whether the acquisition of a catastrophic hurricane loss financing arrangement by the Fund is feasible, practical, affordable, and in the public interest.


The Fund does support the continuing buildup of its reserves in case of a need for its reactivation. However, the Fund is dormant and does not currently have the staff to conduct an analysis as prescribed by this bill. Moreover, I think the State Risk Management and Insurance Office might be in a better position to assess the feasibility of pursuing parametric insurance to cushion the state from catastrophic financial losses from a major hurricane. I would recommend to them that the Risk Management Office pursue a pilot purchase of parametric insurance using HHRF trust fund income as called for in SB799.

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



**Hawai'i
Association of
REALTORS®**

 | 808-733-7060

 | 808-737-4977



1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 14, 2017

The Honorable Rosalyn H. Baker, Chair

Senate Committee on Commerce, Consumer Protection, and Health
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 304, Relating to the Hawaii Hurricane Relief Fund

HEARING: Tuesday, February 14, 2017, at 9:00 a.m.

Aloha Chair Baker, Vice Chair Nishihara, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,300 members. HAR **supports** S.B. 304 which requires the interest earned on the balance of the Hawaii Hurricane Reserve Trust Fund to be retained in the trust fund and the Board of Directors to conduct a study of the acquisition of a catastrophic hurricane loss financing arrangement with all or a portion of the interest earned in the trust fund.

On September 11, 1992, Hurricane Iniki struck Kaua'i, causing \$1.6 billion in damage. The devastation caused by Iniki left many insurance companies unable to obtain reinsurance, which rendered them incapable of providing insurance to the people of Kaua'i. Numerous real estate transactions were stalled or fell through as a direct result, leaving prospective homeowners and renters of investor-owned properties in limbo. Many parties, including HAR, worked on the formation of the HHRF during the 1993 legislative session.

It has been over 20 years since the formation of the HHRF and HAR believes this study is a prudent investment in ensuring that the HHRF will be able to provide hurricane insurance, in a timely fashion, to Hawaii's homeowners should a hurricane hit.

Mahalo for the opportunity to testify.

