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

**Before the  
Senate Committee on Commerce, Consumer Protection and Health  
Tuesday, February 11, 2020  
9:00 a.m.  
State Capitol, Conference Room 229**

**On the following measure:  
S.B. 2874, RELATING TO HURRICANE PREPAREDNESS**

Chair Baker and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this administration bill.

The purpose of this bill is to establish a pilot program, to be designated as the Safe Home Program, to provide matching and nonmatching grants for installation of wind resistive devices to help single-family, owner-occupied, residential property owners retrofit their homes to make them more resistant to hurricane and high wind damage. This bill also creates one temporary position within the Insurance Division to implement and administer the Safe Home Program. If passed, this bill will allocate a portion of moneys earned through interest from assets of the Hawaii Hurricane Relief Fund to provide grants under the Safe Home Program.

The Safe Home Program seeks to alleviate the financial burden assumed by qualifying property owners to make their homes more wind-resistant. Retrofitted or

strengthened homes are less vulnerable to the effects of severe wind storms, and this consequently makes the hurricane and high wind damage less likely and less intense. Fewer damages will result in lower or fewer insurance claims and will, over time, reduce insurance premiums for all Hawaii residents.

The bill seeks to encourage retrofitting for the individual and public good. Every newly retrofitted home that helps to lessen damage to structures and reduce injury to residents will help the residents of this state recover faster in the event of a disaster.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill.

DAVID Y. IGE  
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**TESTIMONY ON SENATE BILL 2874,**  
**RELATING TO HURRICANE PREPAREDNESS**

Before the Senate Committee on  
**COMMERCE, CONSUMER PROTECTION, AND HEALTH**

By

Thomas L. Travis  
Administrator, Hawaii Emergency Management Agency (HI-EMA)

Aloha Chair Baker, Vice-Chair Chang and Members of the Committee:

The Hawaii Emergency Management Agency (HI-EMA) **supports** Senate Bill 2874.

Senate Bill 2874 would establish matching and non-matching grant for installation of wind resistive devices to single-family, owner-occupied, residential property owners.

HI-EMA appreciates the increase in disaster mitigation provided by this measure.

Note: My comments represent HI-EMA concerns at the state emergency management level only. I would defer to the separate comment/testimonies of the county emergency management agencies, as they would be the jurisdictions impacted by this legislation at the local level.

Thank you for the opportunity to provide testimony on Senate Bill 2874.

Thomas L. Travis: Thomas.L.Travis@hawaii.gov; 808-733-4300

## TESTIMONY OF ALISON UEOKA

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COMMITTEE ON COMMERCE, CONSUMER PROTECTION & HEALTH  
Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair

Tuesday, February 11, 2020  
9:00 a.m.

### **SB 2874**

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce, Consumer Protection & Health, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill which appropriates \$1,000,000 to the “Safe Home Program” patterned after South Carolina. The purpose of the bill is to provide grant monies or matching grant monies based on need to mitigate homes against hurricane losses. After initial funding, the \$1,000,000 grant program will get its funding from interest earned on the Hurricane Reserve Trust Fund of which any remainder shall be deposited into the general fund.

Thank you for the opportunity to testify.

**SB-2874**

Submitted on: 2/10/2020 9:01:56 AM

Testimony for CPH on 2/11/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
timothy johns	Testifying for Zephyr Insurance Company	Support	No

Comments:

Aloha, and thank you for the opportunity to provide testimony on this important bill. I am Timothy Johns, President & CEO of Zephyr Insurance Company. We are the leading provider of residential hurricane insurance in the State of Hawaii. We strongly support this bill to create and fund a Hawaii Safe Home Program to provide grants based on need to mitigate our citizen's homes against hurricane losses. Mahalo.

**SB-2874**

Submitted on: 2/8/2020 1:02:08 PM

Testimony for CPH on 2/11/2020 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gerald Peters	Individual	Support	Yes

Comments:

Testimony of Gerald Peters in Support

COMMITTEE OF COMMERCE, CONSUMER PROTECTION, AND HEALTH

SB 2874 Relating to Hurricane Preparedness

Tues Feb 11, 2020 9:00 am Conf Rm 229

Good Morning Chair Baker, Vice Chair Change and Members:

My name is Gerald Peters and I have 26 years Hawaii experience and study on hurricane loss mitigation. (Licensed General Engineering & General Contractor, Producer and Co-host Fixitfridays Home Improvement Radio on The Mike Buck Show, and ad hoc member of the Building Industry of Hawaii Govt Relations Committee).

Congratulations after a 15 year hiatus of addressing the most cost and safety effective initiative. It is a much overdue, much needed, and will be a much welcomed program, as stated in the bill language. I just have some logistical suggestions, which, I believe, is already provided for the Insurance Commissioner to address.

1. The formula is so financially permissive that the large \$10K to \$25K roofing and structural permitted items will probably use up the entire funding with only about 150 or 200 or families helped (using \$5k average on a net after administrative costs of \$850K).

2. There I would like to suggest that the amounts be capped at around \$1000 and \$1250 fixed amounts so as to allow several more hundred families to participate and to simplify the program.

The Ins Div did a test program in about 2002-2003 which attracted 500+ people to its announcement seminar at the Japanese Cultural Center. It was for grants and the Ins. Div. has the records, but I think it worked for about 350-400 families before the 36 month funding time ran out. However, more than half of the 36 months was spent just developing the program so it was truly only a short pilot program, albeit quite successful.

By the way, as a notable factoid, the study and the then Ins Commissioner pointed out that as of the early 2000's, it was estimated that 45,000 presumably older Kamaaina had paid off their mortgages and dropped hurricane ins coverage. The numbers are undoubtedly even more alarming 15 years later.

3. Also, since the public will be upset if the funding were to run out in just a few months, I suggest that the rules for the program provide for applicants to stay in first come, first served order, eligible for the next year's funding, and not simply be shut out for a given year.

Thank you for the opportunity to provide some pragmatic input.