

Testimony of the Contractors License Board

**Before the
Senate Committee on Commerce and Consumer Protection
Friday, January 28, 2022
9:30 a.m.
Via Videoconference**

**On the following measure:
S.B. 2277, RELATING TO CONTRACTOR PRACTICES**

WRITTEN TESTIMONY ONLY

Chair Baker and Members of the Committee:

My name is Neal Arita, and I am the Legislative Committee Chairperson of the Contractors License Board (Board). I apologize for not being able to attend the hearing to present the Board's testimony. The Board is meeting today from 9 a.m. until this afternoon.

The purposes of this bill are to: (1) prohibit contractors from offering to pay insureds' property or casualty insurance deductibles as incentives to induce the insureds to hire the contractors; (2) allow insureds to rescind contracts with the contractors within five business days after the date the contract is executed; (3) require contractors to provide certain forms to an insured, prior to entering into a contract; (4) prohibit contractors from representing or negotiating, or offering or advertising to do so, on behalf of an insured in an insurance claim; and (5) specify violations are unfair methods of competition and unfair or deceptive acts or practices.

The Board will review this bill at its next publicly noticed meeting on January 28, 2022. In the meantime, the Board offers comments based on its prior opposition to similar bills. This bill creates separate requirements for contractors relating to the insured under a property or casualty insurance policy. Hawaii Revised Statutes (HRS) chapter 431, article 9, already pertains to individuals who act as or engage in the practice of a public adjuster. Act 110, Session Laws of Hawaii 2021, was signed into law on June 28, 2021 and strengthens the public adjuster statutes by addressing the issue of unlicensed public adjusters. The Board firmly believes that the contractor

Testimony of the Contractors License Board

S.B. 2277

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licensing law, codified in HRS chapter 444, is not the appropriate statutory chapter to address unlicensed public adjusters, which this bill intends to do.

Additionally, page 3, lines 16-18, of the bill provides the effective date of the notice of recession as “upon deposit in the United States mail”, which is very difficult to verify; a postmark could instead be used to document the effective date of the notice of recession.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF ALISON UEOKA

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

Friday, January 28, 2022
9:30 a.m.

SB 2277

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce and Consumer Protection, 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.

HIC strongly supports the intent of this bill which is to curtail the actions of unscrupulous contractors, especially post-catastrophe when victims of loss are stressed and vulnerable. Insurers need the chance to respond to reports of damage without interference from these “storm chasers,” many of whom promise to pay insureds’ deductibles. Storm chasers often make representations on behalf of the insurer for example, the promise to replace a roof, without authority. If an insured is coerced into signing a contract with a storm chaser, they could be liable for repairs that are unnecessary and/or uninsured.

Our comments are as follows:

- 1) In Section 1, the purpose section of the bill, we believe there is a typo on page 1, line 10, that omits the words “the property” at the start of the line;
- 2) In Section 2 of the bill, we ask that the subsection (a) be amended to clarify that the actual paying or rebating of an insurance deductible is prohibited as well as the advertising of same and other clarifying language to read as follows:

“Section 444-_____ Promises to pay or rebate insurance deductible; inducement of sale of goods or services; right to rescind. (a) A contractor shall not pay or rebate, or promise to pay or rebate, a policyholder’s insurance deductible, or any portion thereof.”;

- 3) Again, in Section 2 of the bill, we have concerns about the five-day rescission if the insured signs a contract. We believe there may be unintended consequences tied to the rescission period which may result in a delay in mitigating or repairing damages. If this were to happen the extended damages would increase the cost of the claim even in cases where the contract may be appropriate. We believe the other provisions in the bill will help to curb the abuse by storm chasers and therefore, we ask that subsections (b), (c), and (d) be deleted; and
- 4) Lastly, in Section 2(h) of the bill, we ask for two separate definitions of “Promise to pay or rebate” and “Pay or rebate,” to read as follows:

““Promise to pay or rebate” means pledging to grant any allowance against the fees to be charged or pledging to pay to the insured any form of compensation, gift, prize, bonus, coupon, credit, referral fee, or other item of monetary value for any reason, including but not limited to permitting the contractor to display a sign or any other type of advertisement at the insured’s residential property.

“Pay or rebate” means to grant any allowance against the fees to be charged or pay to the insured any form of compensation, gift, prize, bonus, coupon, credit, referral fee, or other item of monetary value for any reason, including but not limited to permitting the contractor to display a sign or any other type of advertisement at the insured’s residential property.””

Thank you for the opportunity to testify.



437 Liholiho Street
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Website: [www. hawaiipublicadjuster.com](http://www.hawaiipublicadjuster.com)

Phone: 808-856-3041
Fax: 888-428-2352

Date January 25th, 2022

To: Honorable Rosalyn H. Baker
and Committee Members of the Commerce, Consumer Protection and Health (CPH)
Hawaii State Capitol Room no. 229

Hearing Date: 1-28-2021 at 9:30 am

Re: **SUPPORT for SB 2277 Testimony w/ NO MODIFICATIONS**

Dear CPH Committee Members,

My name is Robert Hugh Joslin, and I am the President of Hawaii Public Adjusters (“HPA”). Our family-owned business is located at 437 Liholiho Street, in Wailuku, Maui, Hawai‘i. The firm is the only resident public adjusting firm with continuous Hawaii operations servicing all our island communities for over 20 years. I have been licensed as a Public Adjuster (“PA”) by the State of Hawaii since October of 2002 pursuant to HRS Sections 431:9-201, 431:9-222, and 431:9-226. For most of my adult life, I’ve been involved in insurance and commercial development work. I have been active in Hawaii on commercial development projects dating back to 1984. In 2011, I became the first and remain the only Hawaii resident to be designated as a Certified Professional Public Adjuster (“CPPA”) from the Insurance Institute of America (“The Institute”). The Institute remains the sole certifier of distinguished insurance gradations such as the Chartered Property Casualty Underwriter (“CPCU”). I also hold a professional certification from the Wind Network as an Insurance Appraiser. I also hold the designation of Certified Insurance Appraiser from the national Insurance Appraiser and Umpire Association (“IAUA”). I am also the current Vice President (4th) for the National Association of Public Insurance Adjusters (“NAPIA”) with its main offices located in Potomac Falls, Virginia. NAPIA was founded in 1951 and early on, was recognized as the first policyholder advocacy group with a nationwide impact for many insureds who were suffering through their insured property losses.

As a Hawaii Public Adjuster, I submit to the oversight from the State of Hawaii's Insurance Department, the SOHID Commissioner, and to his very dedicated staff. I am, by design, a public advocate for your Hawaii policyholders and those out-of-state owners of properties located within this great state. I have a firm duty under HRS 431:9-226 to investigate for, report to, and adjust on behalf of, insureds (only). By legislative act, a PA represents an insured's financial interest in an insurance claim. Lisa Joslin my wife, Ryan Joslin, Jordan Joslin my two sons and Jimmie Lloyd are also Hawaii licensed members of our firm, Hawaii Public Adjusters. Along with our supporting staff members, we make up the only full-time and fully established PA firm operating within this state. We are well-versed in nearly every facet concerning Hawaii property insurance claims. We exist solely for the use, benefit, and support for your Hawaii policyholders.

Let me state that this bill has been very well-written. It is clear and concise as to its overall intentions. I have witnessed, time and time again, that storm-chasers prey upon the elderly, the Pacific Islanders, and the uneducated & poor within our Hawaii communities. I have also seen these insureds be conned out of money because they were talked into signing an open-ended agreement just to spend their life's savings under threat of a lawsuit when the insurance carrier ends up not falling for the "fake" insurance contractor's estimate based on an unethical and illegal adjuster.

I have seen the traveling contractors and the recently arrived contractors use predatory practices and immoral methods to gain fraudulent work. They have these policyholders blindly sign an agreement with only blank portions and missing dollar amounts by promising them a new roof or other such rebuilding work when they represent them to the insured's insurance carriers. I believe that this bill is one of the paramount Consumer Protection bills to safeguard your Hawaii policyholders coming before this committee this session.

Respectfully,

Robert Hugh Joslin

Robert Hugh Joslin - CPPA
Hawaii Public Adjusters (P)
Vice President (4th) for the National Association of Public Insurance Adjusters (NAPIA)



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If you've ever dealt with an insurance company before, you know the amount of stress and work that go in to getting a claim submitted, working with an adjuster, and getting paid on your claim when all is said and done.

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SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 27, 2022

TO: Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection
Submitted Via Capitol Website

FROM: Matt Tsujimura

RE: **S.B. 2277 - Relating to Contractor Practices**
Hearing Date: Friday, January 28, 2022 at 9:30 a.m.
Conference Room: 229

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

I am Matt Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm offers these comments about S.B. 2277, Relating to Contractor Practices.

Although most contractors are professionals that truly have the consumers' interests in mind when they provide repair estimates, State Farm has found that after major storms there are some unscrupulous practitioners that descend upon neighborhoods after a significant weather event trying to "drum up" business and take advantage of consumers. This often involves the contractor telling the consumer that they can do all the repairs for them "at no cost," and promising to "cover" the amount of the deductible when in reality that is built into the cost. The consumer is then pressured to immediately sign a binding contract for the full replacement cost.

When the insurance adjuster inspects the property after the claim is filed and finds that there is little or no damage, the adjuster is forced to either deny the claim or approve a repair that is far less than the repair promised by the contractor and contract price quoted. This leaves consumers contractually obligated to pay for repairs that they don't need and can't afford.

S.B. 2277 protects the consumer by prohibiting contractors from offering to pay a homeowners insurance deductible as an incentive to hire the contractor, and allows a consumer five business days to rescind a contract after an insurer has inspected the property and determined that "all or any part of the claim or contract is not a covered loss under the homeowners insurance policy." Twenty two states (Alabama, Arizona, Arkansas, Colorado, Georgia, Illinois, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New York, North Dakota, South Carolina, South Dakota, Tennessee, Utah, Washington, West Virginia, Wisconsin, and Wyoming) have adopted similar pro-consumer protection laws aimed at limiting the scope in which contractors, sometimes called storm chasers, can engage with homeowners. S.B. 2277 will help prevent Hawaii's citizens from being scammed into entering into deceptive repair contracts.

Thank you for considering this pro-consumer legislation and for the opportunity to present this testimony.

Please VOTE YES on SB 2277. *A repair job shouldn't be a scam job!*

Summary of bill: SB 2277 is a reasonable and balanced consumer protection bill that provides residential consumers with written disclosures about important aspects of the repair work and provides the consumer with the ability to rescind the roofing repair contracts within five business days of receiving notice that their homeowner's insurance claim for the roof has been denied in whole or in part.

Reasons to VOTE YES on SB 2277:

- **SB 2277 protects consumers from fly-by-night “storm scammer”**, who try to confuse, bully, and/or trick consumers into entering into a contract that sounds enticing but can leave the consumer with shoddy or unfinished repair work;
- **The proposed legislation promotes informed consumer choice** by requiring written disclosures about the scope of repairs and the homeowner's right to rescind the contract;
- **SB 2277 is consistent with residential repair consumer protection bills that have been adopted in states throughout the country.** More than half the states in the nation have passed laws to provide consumer protection from storm scammers;
- **Legitimate residential contractors support clarity and reasonable consumer protections in the contracting process.** Contractors and consumers benefit from good professional relationships;
- **The consumer right of rescission is consistent with other consumer contract protection laws at the state and federal level;**
- **Storm Scamming is a national problem** – In October 2016, the NC Department of Justice, Attorney General posted a consumer alert “Don't Fall for Storm Repair Scams”. Other states are being equally vigilant in protecting consumers in a similar manner that is fair to roofers . . . so should Hawaii;
- **SB 2277 will protect consumers against residential home repair fraud** – Contracts that “sound too good to be true, ARE too good to be true.” Deductible waivers, refunds, or rebate promises are a key part of the “Storm Scammer's” sales pitch - which needs to be prohibited. Written disclosures protect consumers against fraudulent inducements; and
- **Storm scammers hurt the local economy** – Fly-by-night “Storm scammers” take tens of millions of dollars of repair work out of local communities and away from legitimate contractors, who are members of the community and care about their long-term professional relationships with consumers.

Please VOTE YES on SB 2277, and protect citizens of Hawaii from “storm scammer” contractors.

Fact sheet created and disseminated by Christian Rataj of the National Association of Mutual Insurance Companies. NAMIC is the largest property/casualty insurance trade group with a diverse membership of more than 1,400 local, regional, and national member companies, including seven of the top 10 property/casualty insurers in the United States. NAMIC members lead the personal lines sector representing 66 percent of the homeowner's insurance market and 53 percent of the auto market. Through our advocacy programs we promote public policy solutions that benefit NAMIC member companies and the policyholders they serve and foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies. NAMIC has 84 members who write property/casualty in the State of Hawaii, which represents 28% of the insurance marketplace.

January 26, 2021

Hon. Rosalyn H. Baker and Members of the Committee
Committee on Commerce and Consumer Protection
Hawaii State Senate

RE: Senate Bill 2277 – Contractor Practices - Support

Dear Chair Baker and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Hawaii. Working hand-in-hand with our member-companies and Hawaii state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including contractor fraud. While NICB provides value to our member-companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year.

Contractor fraud, particularly involving roofing and roofing-related services, continues to be a widespread problem across the country. Contractors often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers. Unfortunately, Hawaiians also frequently suffer at the hands of unscrupulous contractors.

Senate Bill 2277 seeks to provide important consumer protections such as:

- **Prohibiting full and partial deductible rebates.** Some contractors will attempt to lure homeowners into agreeing to unnecessary or inflated claims by offering to rebate their deductible.
- **Providing the right to cancel within five days.** This important consumer protection helps ensure that homeowners – who may be pressured or misled by unscrupulous contractors, such as into believing certain damage is covered or covered to a greater extent than it is – have an opportunity to reflect on the contract and conduct additional due diligence.
- **Prohibiting contractors from acting as a representative of the claimant.** The unlicensed practice of public adjusting by a contractor creates not only a conflict of interest but also puts consumers at risk of inferior and fraudulent representation. Most contractors do not meet minimum standards and safeguards provided by Hawaii’s public adjuster laws.

Accordingly, we ask for your support of SB 2277 which will help provide critical consumer protections and curtail unscrupulous contractors.

Thank you for your review and consideration; if you have any questions or need additional information, please contact me at hhandler@nicb.org or 847-544-7083.

Sincerely,

A handwritten signature in blue ink that reads "Howard Handler". The signature is written in a cursive style with a long horizontal flourish extending from the end of the name.

Howard Handler, MPPA
Senior Director, Government Affairs



To: The Honorable Rosalyn Baker, Chair
The Honorable Stanley Chang, Vice Chair
Senate Committee on Commerce and Consumer Protection

From: Mark Sektnan, Vice President

Re: SB 2277 – Relating to Contractor Practices
APCIA Position: Support

Date: Friday, January 28, 2022
9:30 a.m., Room 229

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

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support** SB 2277, which would help to deter contractor fraud. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

Contractor fraud, particularly involving roofing and roofing-related services, continues to be a widespread problem across the country. Contractors often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers. Unfortunately, Hawaii residents also frequently suffer at the hands of unscrupulous contractors.

Senate Bill 2277 seeks to provide important consumer protections such as:

- **Prohibiting full and partial deductible rebates.** Some contractors will attempt to lure homeowners into agreeing to unnecessary or inflated claims by offering to rebate their deductible.
- **Providing the right to cancel within five days.** This important consumer protection helps ensure that homeowners – who may be pressured or misled by unscrupulous contractors, such as into believing certain damage is covered or covered to a greater extent than it is – have an opportunity to reflect on the contract and conduct additional due diligence.

- **Prohibiting contractors from acting as a representative of the claimant.** The unlicensed practice of public adjusting by a contractor creates not only a conflict of interest but also puts consumers at risk of inferior and fraudulent representation. Most contractors do not meet minimum standards and safeguards provided by Hawaii's public adjuster laws.

For these reasons, APCIA asks the committee to pass this bill.

NATIONAL ASSOCIATION OF PUBLIC INSURANCE ADJUSTERS



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January 28, 2022

To: Honorable Rosalyn H. Baker and
Committee Members of the Commerce, Consumer Protection
and Health (CPH)
Hawaii State Capitol Room No. 229

Hearing Date: 1-28-2021 at 9:30 am

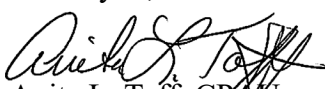
Re: SB 2277

The National Association of Public Insurance Adjusters, commonly known as NAPIA, is an association founded in 1951 to promote the profession of public insurance adjusting nationwide. NAPIA members handle insurance claims on behalf of residential and commercial consumers who suffer property losses. NAPIA members operate in all states, including in Hawaii. NAPIA fosters a stringent code of ethics governing the profession of public adjusting. For the past 65 years, NAPIA has worked with various state insurance departments, the National Association of Insurance Commissioners, the National Conference of State Legislators, attorneys general, and individual state legislatures to enact comprehensive and fair laws assuring consumer protections exist in the insurance claim process.

As you may be aware, public adjusters, unlike contractors, have a fiduciary duty to act in the interest of both personal and commercial clients in the claims settlement process. This is a unique role. While contractors play an important role in restoring property, we support this legislation to enhance needed consumer protections given too many instances where contractors have caused harm to the property claims settlement process. Fortunately, changes in the law can provide a deterrence to these unscrupulous activities. Property losses are difficult enough as they are. This bill takes important consumer protection steps to ensure that property losses are resolved fairly.

NAPIA urges passage of Senate Bill 2277.

Thank you,


Anita L. Taff, CPAU
President

LATE

SB-2277

Submitted on: 1/27/2022 1:13:12 PM

Testimony for CPN on 1/28/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Amy Bach	Testifying for United Policyholders	Support	No

Comments:



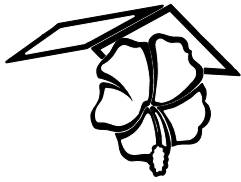
Dear CPH Committee Members,

Disaster impacted Hawaii residents need additional protections against aggressive salespeople that solicit them when they're traumatized, overwhelmed and vulnerable. This bill accomplishes that imperative and United Policyholders (UP) writes in full support.

<https://uphelp.org/recovery/state-by-state-help/hawaii/>

UP is an established and reputable non-profit that has been providing support and guidance to disaster-impacted households for three decades. Through our Roadmap to Recovery program we offer free educational information and tools for navigating disaster and insurance recovery. We have assisted Hawaii residents after past disasters by coordinating with partners including the Insurance Division of the Hawaii Department of Commerce and Consumer Affairs, the Hawaii State Bar, and reputable, licensed and experienced disaster recovery professionals who are based in Hawaii. This bill is much needed to prevent fraudsters from preying on vulnerable residents.

Respectfully submitted, Amy Bach Esq., Co-Founder and Executive Director, United Policyholders



ROOFING CONTRACTORS ASSOCIATION OF HAWAII

Century Square 1188 Bishop St., Suite 1003, Honolulu, Hawaii 96813-3304
Phone (808) 537-1224 Facsimile (808) 533-2739

January 28, 2022

LATE

Testimony To: Senate Committee on Commerce & Consumer Protection
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons, Executive Director

Subject: S.B. 2277 – RELATING TO CONTRACTOR PRACTICES

Chair Baker and Members of the Committee:

I am Tim Lyons, Executive Director of the Roofing Contractors Association of Hawaii. We oppose this bill.

We oppose this bill not based on any desire to see contractors “rip off” consumers but because we believe that the end result of this bill will be confusion between consumers and contractors and accomplish no real purpose.

First and foremost, here it is one year later and we have not heard of any complaints in this area for years and in fact, our last check with RICO resulted in zero complaints. The few complaints we have heard about appear to be from agents who perhaps led their customers to believe that the claim would be covered only to find out that the carrier refused.

We have suggestions':

1. The bill calls for a five (5) day recession period. A three (3) day recession period is already required for all door-to-door sales (481C-2, HRS) including sales covered by this bill. Is there some evidence that it needs to be different and longer? We respectfully request an alignment with 481C-2.
2. Section 2 ____ (b) indicates that the recession notice is effective upon deposit in the United States mail; not certified mail, not even with proof of mailing. At least the rescission notice in 481-C-2 is evidenced by mailing (postmark) a notice. With no disrespect to the USPS, mail delivery lately has certainly not been what it used to be and why a recession notice would be based on the date you drop it in the mailbox as opposed to the date the contracting party received it or its postmark, we are not quite sure. We therefore request a simple amendment on page 3, lines 16 - 18 to read, "...providing written notice of recession with a copy of the insurer's claim coverage decision that all or any part of the claim or contract is not a covered loss..." Additionally, the bill appears to apply even if the contract was for \$2,000.00 but the insurance company only honored a \$1995.00 claim? Perhaps more confusing is the provision on page 3, lines 18 – 20 that says the rescission notice "shall not take a particular form" but then page 4, line 4 through page 5, line 11 dictates a very specific form that the rescission shall take?

3. This bill proposes to deal with situations where the consumer is going to use proceeds from a property or casualty insurance policy claim (page 3, line 10 and page 4, line 2).
But, how is the roofing contractor to know how the consumer plans on paying for the job?

So, we don't know what this bill really accomplishes. We don't think that contractors should act as public adjustors and Act 110-21, passed last year, covers that. We continue to believe the insurance laws are where public adjustor language and its prohibitions should be found.

Based on the above and the fact that we see this bill accomplishing absolutely nothing that is not already covered, we oppose it. The bill has very limited applicability and would only apply where the work called for exceeds what the insurance carrier is willing to pay. Most homeowners do not willingly put themselves in that position. A further issue is that of identifying "emergency mitigation" work and entitlement for payment of this work regardless of the claim status. The problem is that homeowners are not roofing experts and the provision that they agree to work identified as "emergency mitigation " work, is no doubt a contestable provision.

We would also like to point out the unworkable provision on page 6, line 12 forbidding the contractor to discuss a written estimate with anyone but the insured. What about material manufacturers, the material distributor, the general contractor or, in the absence of the insured, someone else residing in the house such as a brother or relative?

Lastly, it has been reported that similar legislation exists in other states however, we would like to point out that they are typically states that do not have the same regulatory structure for contractors that we have (the statutes, the administrative rules, plus the enforcement arm of RICO). In fact, only about half the states have contractor licensing and it is the “other half” that has found it necessary to implement legislation as contemplated by this bill.

In conclusion, we don't think this bill is necessary and is likely to hurt and confuse more than help.

Thank you.



www.privatedetectiveworld.com

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info@privatedetectiveworld.com

Date January 27th, 2022

Honorable Rosalyn H. Baker & Committee Members
Hawaii State Capitol Room no. 229
Hearing Date: 1-28-2021 at 9:30 am



Re: **SUPPORT for SB 2277 Testimony w/ NO MODIFICATIONS**

Dear Committee Members,

My name is Jim E. Lloyd Jr., and I work with Hawaii Public Adjusters (“HPA”) as a Public Adjuster (“PA”). Our main office is located at 437 Liholiho Street, in Wailuku, Maui, Hawai’i. The firm is the only resident public adjusting firm with continuous Hawaii operations servicing all our island communities for over 20 years. I am HPA’s Oahu & Kauai designated claims handler; however, we all operate statewide. I have been licensed as a PA by the State of Hawaii since December of 2017 pursuant to HRS Sections 431:9-201, 431:9-222, and 431:9-226.

I am an active member of the National Association of Public Adjusters (“NAPIA”). I hold the certifications of Insurance Appraiser and Insurance Umpire from the Insurance Appraisal and Umpire Association (“IAUA”). I have over 30 years of combined construction and investigative experience. I hold provisional vocational licenses as a Private Detective and Guard Detective, and am the principal of Lloyd Services ENT., LLC (dba) Hawaii Detective & Guard. There is no other Hawaii firm that can meet HPA’s credentials for investigating and adjusting insurance claims.

As a Hawaii PA, I submit to the oversight from the State of Hawaii’s Insurance Division. I am a public advocate for Hawaii policyholders, including those who reside out-of-state. I have the duty under HRS 431:9-226 to investigate for, report to, and adjust on behalf of, insureds (only). As a PA, I represent an insured’s financial interest in an insurance claim.

I feel I have a unique perspective concerning acts that would birth this bill. Growing up in the Hawaiian Islands, I saw my share of property damage caused by environmental or accidental forces. Prior to becoming a PA, I worked for a Hawaii roofing contractor as an inspector/estimator and observed many instances where the policyholder was “done wrong” by an insurance company; however, the contractor and I did not know it at the time. Years ago, the contractor had met “Storm Chasers” from the mainland who came to Hawaii. One chaser taught the contractor about identifying wind, hail, and other types of damages claimable under insurance policies. The contractor did not like the “Mainland Style” of the chasers, but still learned about insurance claims handling. The contractor cut ties with the chaser and established relationships with adjusters from insurers who operate in Hawaii. Dinners were had, drinks were bought, and overtime the relationships were strengthened in a manner of Aloha. I came along and was taught to be friendly with adjusters and work the system for the homeowner through submitting supplemental work as needed, or by discounting repairs insurers would not cover. “Halving roofs” became common. This is when the contractor discounts the policyholder on repairing half of the roof when the insurer denies paying to replace the whole roof. We really thought we were doing the right thing. It was not until I became a PA when I realized that I was acting as an adjuster in processing property damage claims with insurance companies. Insurers are more than happy to adjust claims in this manner. I can now say that in every instance where I thought I helped a policyholder with an insurance claim, I did not.

After becoming a PA, I now understand why it is a regulated and licensed position. I now continuously contest insurers constant use of contractors as third-party adjusters. More and more I observe insurance companies utilize preferred vendors and contractor consultants to conduct what should be licensed adjusting work. I also observe policyholders, and their PA representatives, get circumvented by insurers and contractors. Many insurers in Hawaii have developed working relationships with contractors, as previously mentioned. Those relationships make leaving the policyholder out-of-the-loop common. The final observation I would like to note is that of policyholders being unwittingly enticed into signing over the proceeds of an insurance claim to contractors. In this situation, the contractor acts as a PA, but without the ethical standards or license of a PA. In some cases, the policyholder is left with an out-of-pocket bill that was not covered in the insurance claim.

I end by pointing out that I am a State of Hawaii licensed Public Adjuster, Private Detective, and Guard Detective. My Guard license does not allow me to adjust insurance claims. My Public Adjuster license does not allow me to provide security services. None of my licenses allow me to operate outside of the scope of the license or gives me authorities under other licensed industries. Why do construction contractors get to adjust insurance claims without a PA license? I place my support behind this bill because it is right, just, and protects the Hawaii consumer.

Respectfully,

A handwritten signature in black ink, appearing to read "Jim E. Lloyd Jr.", with a long horizontal flourish extending to the right.

Jim E. Lloyd Jr. (P)