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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Thursday, March 16, 2023**

10:00 a.m.

State Capitol, Conference Room 229 and via Video Conferencing

On the following measure:

S.C.R 48, REQUESTING THAT THE INSURANCE DIVISION OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS CONDUCT A STUDY ANALYZING WHETHER IMPLEMENTATION IN THIS STATE OF LAWS SIMILAR TO MASSACHUSETTS' CAPTIVE INSURANCE LAWS WOULD ADDRESS THIS STATE'S RESIDENTIAL CONDOMINIUM PROPERTY INSURANCE NEEDS.

Chair Keohokalole and Members of the Committee:

My name is Gordon Ito, and I am the Insurance Commissioner for the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this concurrent resolution.

The purpose of this bill is to request that the Insurance Division of the Department of Commerce and Consumer Affairs conduct a study analyzing whether implementation in this state of laws similar to Massachusetts' captive insurance laws would address this state's residential condominium property insurance needs

This concurrent resolution asks the Insurance Division to conduct a study that would, in part, assess whether a system of insurance based on "Massachusetts' captive

insurance system would adequately and appropriately address the State's residential condominium property insurance needs[.]” (p. 1, line 29 to p. 2, line 2).

Assessing adequacy with respect to the state’s entire stock of condominiums would be beyond the capacity of the Insurance Division’s staff and would likely require contracting for professional services.

Thank you for the opportunity to testify on this bill.

SCR-48

Submitted on: 3/11/2023 6:59:39 PM

Testimony for CPN on 3/16/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
R Laree McGuire	Individual	Support	Remotely Via Zoom

Comments:

Aloha,

I testify in strong support of SCR 48/SR 43. Condominiums in Hawaii are being slowly but surely priced out of the insurance market and the industry is in serious trouble if government does not come to the industry's aid. Please adopt SCR 48/SR 43 as a step toward resolving this serious issue.

Mahalo for the opportunity to testify.

SCR-48

Submitted on: 3/13/2023 9:02:13 PM

Testimony for CPN on 3/16/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jeff Sadino	Individual	Support	Remotely Via Zoom

Comments:

I SUPPORT SCR 48 / SR 43 because it will hopefully slow the rising cost of insurance for condominiums.

While the Resolution emphasizes life safety requirements, I think all causes should be discussed. Another significant factor of rising insurance costs are expenses related to lawsuits over Directors and Officers insurance claims. At a previous CPN Informational Hearing, the Real Estate Commission did not immediately have information about how many D&O claims there are or their contribution to rising insurance prices and instead referred the question to the Insurance Division. Since this SCR directs the Insurance Division to lead the study, it makes sense for it to include an analysis of D&O claims in their report to the Legislature.

Thank you for the opportunity to provide testimony,

Jeff Sadino

SCR-48

Submitted on: 3/11/2023 8:45:54 PM

Testimony for CPN on 3/16/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Individual	Support	Written Testimony Only

Comments:

Insurance costs are becoming a large issue.

SCR-48

Submitted on: 3/12/2023 9:35:50 PM

Testimony for CPN on 3/16/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Marcia Kimura	Individual	Support	Written Testimony Only

Comments:

I support this measure.