



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Thursday, March 14, 2024
9:30 a.m.

State Capitol, Conference Room 229 and via Video Conferencing

On the following measure:
**H.B. 2048, H.D.1, RELATING TO THE HAWAII PROPERTY INSURANCE
ASSOCIATION**

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 bill.

The purpose of this bill is to increase the number of public members on the board of directors of the Hawaii Property Insurance Association from three to four. Requires the Speaker of the House of Representatives and Senate President, rather than the Insurance Commissioner, to appoint the public members.

The Insurance Division defers to the Legislature on composition of the Hawai'i Property Insurance Association board.

Thank you for the opportunity to testify on this bill.

HB-2048-HD-1

Submitted on: 3/10/2024 12:11:46 PM

Testimony for CPN on 3/14/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Testifying for Hawaii First Realty LLC	Support	Written Testimony Only

Comments:

SUPPORT.

HB-2048-HD-1

Submitted on: 3/8/2024 5:08:05 PM

Testimony for CPN on 3/14/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Kidd	Individual	Support	Written Testimony Only

Comments:

I support this measure

HPIA

Hawai'i Property Insurance Association
700 Bishop Street Suite 1100
Honolulu, HI 96813

March 13, 2024

TO: The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
Members of the Senate Committee on Commerce and Consumer Protection

FROM: Matthew Cheung
HPIA Board Chairman



SUBJECT: **Comments on HB 2048, Relating to the Hawai'i Property Insurance Association**

Thank you for the opportunity to provide written comments on HB 2048, Relating to the Hawai'i Property Insurance Association. This bill increases the number of public members on the board of directors of the Hawai'i Property Insurance Association (HPIA) from three to four and requires the Speaker of the House of Representatives and Senate President, rather than the Insurance Commissioner to appoint the public members.

The introduction of bills HB 2686 and SB 3234 demonstrates that the Legislature is aware of and is addressing the challenges posed by the limited availability and rising premiums for condominium unit insurance coverage, condominium building property insurance coverage, and single-family home insurance coverage. The HPIA board of directors is actively working on the development of a condominium unit insurance coverage program to meet the current market need. It is crucial to expedite the launch of this product in order to stabilize the condominium unit insurance market. Additionally, the HPIA board of directors has initiated efforts to create a commercial property insurance product specifically for condominium buildings.

The successful implementation of these complex and ambitious initiatives will be hindered by the proposed change in the composition of the public representative board members at this time. The current board members possess extensive industry knowledge and are deeply invested in these projects, which will greatly contribute to their success. The HPIA board faces the immense challenge of developing a new commercial property program, which involves creating policy forms, endorsements, limits, deductibles rates, and underwriting guidelines. A rate and form filing with sound actuarial justification must be submitted to the Hawai'i Insurance Division for approval. It is worth noting that HPIA's policy administration system is over 30 years old and will require replacement and programming to accommodate the commercial property program.

Both projects will have a significant impact on ensuring that adequate coverage is available to condominium unit owners and condominiums associations. Therefore, HPIA respectfully requests that the board member composition and appointment remain unchanged until these projects are completed.

Thank you for the opportunity to testify.

Eileen O'Hara, Ph.D.
15-2782 Papio Street
Pahoa, HI 96778

LATE

Date: March 13, 2024

TO: Committee on Commerce and Consumer Affairs, Chair Jarrett Keohokalole

FROM: Hawaiian Shores Community Association, HOA for 1293 properties

RE: Support for HB 2048 HD1

Aloha Honorable Chair Keohokalole and Committee members,

As you are aware, the property insurance is in a state of disarray with the increase in climate change related events. While the Hawaii Property Insurance Agency (HPIA) was created in 1991 and ONLY focused on lava events on the Big Island using USGS hazard maps as if they were actual risk assessments to discriminate against homeowners and businesses in certain parts of Lava Zones 1 & 2. The reality in 2024 is that most of the State of Hawaii is subject to natural disasters due to impacts of climate change. There have been an increase in fires, floods, droughts, hurricanes, extreme wind events and we're just starting to experience the negative impacts of sea level rise on private properties. On top of those potential natural disasters, we also have earthquakes and tsunamis that can affect multiple islands.

Please take this seriously! We need to take steps now to reshape the HPIA to address these changing conditions. The Big Island isn't the only place subject to natural disasters driven by climate change. The fires on Maui last year resulted in significant loss of life, while at the same time, Hawaii County Fire Department was struggling to contain fires in the north end of the island. We need to restructure the HPIA and provide equitable relief to all of the state rather than attempt to extract exorbitant insurance fees to live in the Puna district of the Big Island which is now home to ¼ of the island's 200,000+ individuals. Puna is also the only affordable place for many Hawaiian families to locate and raise their families. This bill is one of many floated this year in an attempt to make the changes necessary to keep our population safe while residing in the state. **Please support HB 2048 HD1.**

I submit this testimony as an individual, yet am also the board President of Hawaiian Shores Community Association one of the many subdivisions that are located in Lava Zone 2 with nearly 1,300 residential lots. **We are being VERY adversely impacted by HPIA's practices which have resulted in a rise of annual property insurance policies by anywhere from 4 to 10 times what we previously paid before Universal Property Insurance pulled out of the State of Hawaii.** With tens of thousands of people impacted, we need your help to develop an appropriate path forward as many are losing their homes to foreclosure as they can't afford this tremendous increase in insurance policy costs.

Respectfully requesting your support of HB 2048 HD1

Eileen O'Hara

Eileen O'Hara, Ph.D.
15-2782 Papio Street
Pahoa, HI 96778



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Respectfully requesting your support of HB 2048 HD1

LATE

HB-2048-HD-1

Submitted on: 3/13/2024 9:03:33 PM
Testimony for CPN on 3/14/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Donald Carroll	Individual	Support	Written Testimony Only

Comments:

Please support the need to increase the number of public members on the board of directors of the Hawaii Property Insurance Association from three to four, plus requires the Speaker of the House of Representatives and Senate President, rather than the Insurance Commissioner, to appoint the public members.

Mahalo