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Testimony of the Department of Commerce and Consumer Affairs
Before the
House Committee on Consumer Protection and Commerce
Wednesday, January 31, 2024
2:00 p.m.
State Capitol, Conference Room 329 and via Video Conferencing

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

Chair Nakashima 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 supports 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

Submitted on: 1/30/2024 1:22:39 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Andrea Rosanoff	Puna Citizens for Affordable and Sustainable Property Insurance	Comments	Written Testimony Only

Comments:

The HPIA Board of Directors, as currently composed and selected, needs deep revision. The HPIA Board is NOT representative of the communities they were set up to serve, i.e. the communities affected by lava in lava zones 1 & 2. Only one current member lives on the Big Island, and does not reside in the district most affected by the HPIA Board decisions -- the Puna District. This short-sighted composition of the HPIA Board does not prepare HPIA for the future, especially considering the huge unknown property insurance issues that will come from the Lahaina fire and potentially other future climate-change natural disasters. It is truly important that the HPIA Board be representative of the communities their decisions really affect. Enlarging the board from 3 to 4 may be a good start, but it is not truly adequate. It would probably be best if there were representatives from each island, at least, and that the Insurance Commissioner NOT be the person to appoint these community representatives. The Insurance companies are well represented on the HPIA Board as it now stands, but the communities affected by HPIA Board decisions are NOT well represented, if at all. This needs to be corrected by appropriate and meaningful legislation to enable the future stability of both Hawaii's communities as well as Hawaii insurance companies. Remember, the HPIA Statute was set up over 30 years ago to ensure such stability. It is needed now more than ever.

HPIA

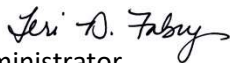
Hawaii Property Insurance Association

700 Bishop Street Suite 1100

Honolulu, HI 96813

January 30, 2024

TO: The Honorable Mark M. Nakashima, Chair
The Honorable Jackson D. Sayama, Vice Chair
Members of the House Committee on Consumer Protection & Commerce

FROM: Teri Fabry 
HPIA Plan Administrator

SUBJECT: Comments on HB 2048, Relating to the Hawaii Property Insurance Association

Thank you for the opportunity to provide written comments on HB 2048, Relating to the Hawaii Property Insurance Association.

One year after inception, the Hawaii Property Insurance Association (HPIA), the market of last resort, was expanded to ensure availability of basic residential property insurance in the entire state of Hawaii.

The twelve-member board operates efficiently by actively involving a diverse range of stakeholders including industry experts and the public representatives. This inclusive approach ensures that decisions reflect the needs and interests of all parties, including consumers. Moreover, it guarantees the association's long-term sustainability, enabling it to fulfill its objective of providing basic residential property insurance in the state of Hawaii.

Three (3) board seats (25%) are public appointments. The public appointments bring diverse representation and a broad range of perspectives. They represent Hawaii Island, Maui and Kauai homeowner's interests. The public representatives have a solid understanding of the insurance industry and are committed to serving the interests of all homeowners in Hawaii, including condominium unit owners and owners of single-family homes who are unable to purchase property insurance in the standard or surplus lines marketplace. Therefore, we believe the current make-up of the board adequately represents consumer's interests.

Thank you for the concern and interest in the Hawaii Property Insurance Association (HPIA).

Hawaii Property Insurance Association

700 Bishop Street Suite 1100 Honolulu, HI 96813

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LATE

HB-2048

Submitted on: 1/30/2024 3:27:57 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Janet Marshall	Individual	Support	Written Testimony Only

Comments:

Lack of insurance for lower income Pahoia residents is devastating for them. They need it to meet mortgage requirements. Banks have sold their mortgages and cannot waive insurance requirements. Urgent assistance is needed. This bill will help.



HB-2048

Submitted on: 1/30/2024 3:35:29 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Attila C. Denes	Individual	Support	Written Testimony Only

Comments:

Dear Committee on Consumer Protection and Commerce:

As a resident of the Nanawale Estates subdivision in the Puna District of Hawaii Island, I am writing in support of HB2048 related to the composition of the Hawaii Property Insurance Association (HPIA) board of directors.

As the Committee is aware, HPIA this year instituted colossal premium increases for residents of Lava Zone 2 in lower Puna, and has signaled that massive annual increases on the order of 20-25% can be expected going forward, without end. The problem is that HPIA suffers from a major lack of financial transparency, and the perception amongst affected citizens is that the board operates as a puppet of the insurance industry, without providing meaningful representation to its customers. Whatever the actual interests of the public appointees to the board may be, this perception negatively impacts the HPIA board's public trust and accountability.

Increasing the number of public appointees from three to four, and requiring senior elected officials, rather than the appointed Insurance Commissioner, to appoint the public members of the HPIA board will foster greater public confidence that their interests are being meaningfully represented. Perhaps fresh faces on the HPIA board might demand that annual financial disclosures from HPIA be produced and published, so that the public can take some measure of comfort that they are not being run roughshod through rate increases that in some cases will result in people losing their homes.

To address the question of whether this is a local, Hawaii County problem, rather than an issue of statewide concern, let us not lose sight of the fact that the recent wildfire disaster in Lahaina, and any future catastrophy on any island, could result in commercial insurance companies abandoning their customers and leaving Hawaii state homeowners at the whims of the HPIA board, which currently provides little, if any, transparency into its finances.

Thank you in advance for your thoughtful consideration of this Bill.

/s/ Attila C. Denes, Nanawale Estates subdivision, Puna District, Hawaii Island

LATE

HB-2048

Submitted on: 1/30/2024 6:38:23 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
James L Ziegler	Individual	Support	Written Testimony Only

Comments:

I support this measure HB2048. I don't understand what residents are supposed to do if they cant afford such high prices for home owners insurance and why are the insurance companies pulling out the area of zones 1 and 2 and what is the difference about the other zones since we live on a volcano. I believe the prices should at a lower cost for everyone no matter what zone we live in. So i support this bill HB2048

LATE

HB-2048

Submitted on: 1/30/2024 6:40:07 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lynn Tyrell	Individual	Support	Written Testimony Only

Comments:

I am all for additional public members being on the board. We the public, need to ensure that we are being heard. Rates need to be fair and reasonable which the quotes being given clearly are not. I am in lava zone 2, very close to lava zone 3 and we are being quoted lava zone 1 rates. From what I have told it is because the system is outdated, does this make it fair, I don't believe so.

LATE

HB-2048

Submitted on: 1/30/2024 7:24:16 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Linda k Ryggs	Individual	Support	Written Testimony Only

Comments:

I live in Hawaiian Shores and own the house next to me that my son lives in as well. I had reasonable insurance that was unexpectedly cancelled last October.

The state supported insurance of last resort was four times as expensive. They will not give me a policy on the second home which is family. Now my mortgage provider is threatening to foreclose because I am not insured.

My mother passed recently so I have a little income from her to pay for insurance but I am on a fixed income and cannot on my own continue to pay four times as much insurance costs.

HB-2048

Submitted on: 1/30/2024 7:53:34 PM

Testimony for CPC on 1/31/2024 2:00:00 PM



Submitted By	Organization	Testifier Position	Testify
Lesha Mathes	Individual	Support	Written Testimony Only

Comments:

This needs to be addressed.

LATE

HB-2048

Submitted on: 1/30/2024 9:25:38 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Darlene	Individual	Support	Written Testimony Only

Comments:

We need all the help we can get in dealing with HPIA.

LATE

HB-2048

Submitted on: 1/30/2024 10:24:23 PM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Suzanne Frey	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill. With the current structure of HPIA, the people who need this insurance the most, have no say in decisions, have no knowledge of decisions being made as HPIA has not communicated anything on it's website. We need people who are NOT involved with the insurance industry to be members of the board. Having someone other than the insurance commissioner appoint these board members is a start to transparency. This bill is very much needed.

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

LATE

Date: Jan 31, 2024

TO: Consumer Protection and Commerce Committee, Chair Nakashima

RE: Support for HB 2048

Aloha Chair 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 increases 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.

I submit this testimony as an individual, yet am also the President of one of board of Hawaiian Shores Community Association one of the many subdivisions that are located in Lava Zone 2 with 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. 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

Eileen O'Hara

HB-2048

Submitted on: 1/31/2024 11:58:09 AM

Testimony for CPC on 1/31/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gary Saito	Individual	Support	Written Testimony Only

Comments:

I support this bill.

LATE