



Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**  
Thursday, January 30, 2025, 2:00 PM  
State Capitol, Conference Room 329  
in consideration of  
**House Bill No. 426**  
**RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

Thank you for the opportunity to testify on HB 426 relating to the stabilization of property insurance. The Hawai'i Green Infrastructure Authority (HGIA) **supports** this bill which expands the Hawaii Property Insurance Association's authority to include the issuance of property insurance for condominiums and develop a long-term solution.

With approximately 55% of all condo units in Hawaii built prior to 1980<sup>1</sup>, there are a significant number of 40+-year old condominium projects requiring replacements, upgrades and retrofits, including re-piping, spalling, windows and railings and alarms<sup>2</sup>, all of which are costly and complicated. Providing a temporary insurance safety net for Condominium projects unable to access insurance, will provide Association leadership up to five years to plan, coordinate and implement necessary upgrades to increase its ability to obtain insurance in the condominium insurance marketplace.

Additionally, there are a number of condominium projects already on the secondary market's "unavailable list" negatively impacting over 30,000 units, due to inadequate insurance coverage and other issues, elevating the urgency of this situation.

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<sup>1</sup> "Why Hawaii's Aging Condos Can't Afford to Defer Maintenance," First Insurance Company of Hawaii, January 5, 2004.

<sup>2</sup> "A Condominium Can Last Hundreds of Years, But Not Its Components," Hawaii Business Magazine, August 31, 2020.

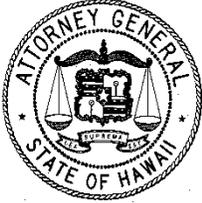
If it is the intention of the Legislature to also allow mixed-use<sup>3</sup> condominium projects to also be eligible, HGIA respectfully requests the following revision to the definition of “Condominium” in Section 2 (3):

(2) Is used primarily for residential purposes; and

Thank you for this opportunity to provide comments and testify in support of HB 426.

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<sup>3</sup> Residential condominium projects with a limited number of commercial units.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 426, RELATING TO THE STABILIZATION OF PROPERTY INSURANCE.

**BEFORE THE:**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

**DATE:** Thursday, January 30, 2025      **TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 329

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Andrew I. Kim or Christopher J.I. Leong, Deputy Attorneys General

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Chair Matayoshi and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of this bill are to: (1) expand the powers of the Hawai'i Property Insurance Association and reactivate the Hawai'i Hurricane Relief Fund to help to stabilize the property insurance market in the State; (2) require the Insurance Commissioner to conduct a study; and (3) appropriate moneys.

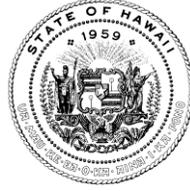
The Department is concerned that this bill contains inapplicable cross references to section 431P-16(e), Hawaii Revised Statutes, at two places. Page 28, lines 18-21, provides: "Each licensed property and casualty insurer shall annually recoup assessments paid by the licensed property and casualty insurer under sections 431P-5(b)(8)(A) and (B), and 431P-16(e)." Likewise, page 29, lines 11-14, provides: "The surcharge required under subsection (a) shall be the same percentage of the total premiums charged for each policy assessed under sections 431P-5(b)(8)(A) and (B), and 431P-16(e)."

Section 431P-16(e), on page 59, lines 1-3, provides: "Any proceeds, experience refunds, or other return funds under reinsurance shall be deposited into the hurricane reserve trust fund." Section 431P-16(e) does not provide for assessments paid by licensed property and casualty insurers, thus its reference should be removed from page 28, line 21, and page 29, line 13.

Accordingly, we recommend the following amendments:

- On page 28, lines 18-21: "Each licensed property and casualty insurer shall annually recoup assessments paid by the licensed property and casualty insurer under section[s] 431P-5(b)(8)(A) and (B)[, and ~~431P-16(e)~~]."
- On page 29, lines 11-14: "The surcharge required under subsection (a) shall be the same percentage of the total premiums charged for each policy assessed under section[s] 431P-5(b)(8)(A) and (B)[, and ~~431P-16(e)~~]."

Thank you for the opportunity to provide comments.



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
KA 'OIHANA PILI KĀLEPA  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
cca.hawaii.gov

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO  
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

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

**Before the  
House Committee on Consumer Protection & Commerce  
Thursday, January 30, 2025  
2:00 p.m.  
State Capitol, Conference Room 329 and via videoconference**

**On the following measure:  
H.B. 426, RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

Chair Matayoshi and Members of the Committee:

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

The purpose of this bill is to expand the powers of the Hawai'i Property Insurance Association (HPIA) and reactivate the Hawai'i Hurricane Relief Fund (HHRF) to help to stabilize the property insurance market in the State; require the Insurance Commissioner to conduct a study; and appropriate funds.

The Department supports the initiative to provide a stop-gap measure to help stabilize and support insurance availability for condominium associations that are unable to purchase adequate hurricane insurance for their respective condominium buildings that are in an insurable condition. The bill amends Chapter 431-P of the Hawaii Revised Statutes by giving the HHRF Board (Board) flexibility to determine the type of buildings it will extend coverage to as well as the amount of coverage offered.

The Board is also given discretion to decide when an assessment mechanism should be triggered, if necessary. Additionally, the bill repeals language regarding the special mortgage recording fee to facilitate a more broad-based assessment that is fairer across industries. We support these HHRF amendments. We also support the proposed amendments and appropriation to the HPIA.

The Department also supports the initiative to have the Insurance Commissioner conduct a study aimed at identifying and developing a long-term solution to stabilize the property insurance market in the State.

Thank you for the opportunity to testify.

Council Chair  
Alice L. Lee

Vice-Chair  
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore  
Tasha Kama

Councilmembers  
Tom Cook  
Gabe Johnson  
Tamara Paltin  
Keani N.W. Rawlins-Fernandez  
Shane M. Sinenci  
Nohelani U'u-Hodgins



Director of Council Services  
David M. Raatz, Jr., Esq.

Deputy Director of Council Services  
Richelle K. Kawasaki, Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

January 29, 2025

TO: The Honorable Scot Z. Matayoshi, Chair  
House Committee on Consumer Protection

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF JANUARY 30, 2025; TESTIMONY IN SUPPORT OF HB426,  
RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

I **support** this measure to address the insurance cost crisis by expanding the authority of State-established insurance entities to assist in stabilizing the property insurance market.

I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. Hawai'i residents are experiencing significant challenges in obtaining and maintaining insurance due to the instability of the property insurance market.
2. Insurance premiums have increased dramatically making it difficult for residents to afford essential expenses.
3. This measure would provide a temporary mechanism to begin to stabilize the property insurance market in the state while long term solutions are sought.

Thank you for your consideration.

ocs:proj:legis:25legis:25testimony:hb426\_paf25-007(6)\_mkm

Hawai'i State Legislature  
House Committee on Consumer Protection and Commerce

January 29, 2025

*Filed via electronic testimony submission system*

**RE: HB 426, Relating to Stabilization of Property Insurance - NAMIC's Testimony in support of study by insurance commissioner**

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the January 30, 2025, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

The National Association of Mutual Insurance Companies consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write approximately \$391 billion in annual premiums and represent 68 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance.

NAMIC's members appreciate the importance of addressing the commercial insurance coverage for condominium building master insurance policies for condo owners and citizens of the state of Hawaii. We are currently reviewing the proposed legislation, evaluating it in light of last legislative session's proposed legislation, and considering the likely implications of the proposal for the health of the insurance marketplace. At this time, we do not have a formal position on the bill, except for Part 5, Section 20 of the proposed legislation which authorizes a study by the insurance commissioner to identify or develop a long-term solution to stabilize the property insurance market in the State. We support a formal study of the issue and the 5 enumerated areas of inquiry for the study. NAMIC respectfully requests that this section be amended to expressly require participation of representatives of the property and casualty insurance industry in the study and that a 6<sup>th</sup> topic area for study be added to the bill, i.e. an analysis of regulatory reforms that could be implemented by the Department of Commerce and Consumer Affairs, Division of Insurance to assist insurers in competing in the marketplace and developing new insurance products for the benefit of consumers.

NAMIC looks forward to working with the sponsors and leadership on the specifics of the proposed legislation as the bill is further evaluated throughout the legislative process.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC's written testimony.

Respectfully,



Christian John Rataj, Esq.  
NAMIC Senior Regional Vice President  
State Government Affairs, Western Region

## TESTIMONY OF MICHAEL ONOFRIETTI

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COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Representative Scot Z. Matayoshi, Chair  
Representative Cory M. Chun, Vice Chair

Thursday, January 30, 2025  
2:00 p.m.

### **HB 426**

Chair Matayoshi, Vice Chair Chun, and members of the Committee on Consumer Protection & Commerce, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit association of property and casualty insurance companies licensed to do business in Hawaii. Members companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council (HIC) **supports** this bill. This is a bill developed by the Joint Executive/Legislative Task Force on Property Insurance that was formed after the 2024 Legislature. HIC has been very active in serving on this and other working groups to provide professional input and guidance on issues that began to appear several years ago. Climate-driven insurance losses will continue into the future and our ability to appropriately manage these new, large and increasing risks is imperative. We believe climate-driven losses will impact housing and the financial markets in Hawaii, and could drive an even greater exodus from Hawaii.

This bill provides amendments to the two existing state funds, the Hawaii Property Insurance Association (HPIA) and the Hawaii Hurricane Relief Fund (HHRF) in order to update them from their originally enacted language more than 30 years ago. This bill has been amended from its last version in 2024 where it died and has been updated for changes over the past 12 months.

Stakeholders from all sectors impacted were involved in the drafting and amendments included in this bill. The bill may not be perfect in the eyes of an individual stakeholder, but HIC believes it is necessary to start somewhere. We also believe that legislative changes may be needed in the future as the impacts of climate change and our aging housing stock continue to evolve. The ability to adapt and move quickly is necessary now because of the dynamic nature of climate-driven losses.

We acknowledge and thank the leadership of all involved in this very important issue, and we will continue to contribute in a meaningful way towards a stabilizing solution.

Thank you for the opportunity to testify.



**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2025

TO: Representative Scot Z. Matayoshi  
Chair, Committee on Consumer Protection & Commerce

FROM: Matt Tsujimura

RE: **H.B. 426 – Relating to the Stabilization of Property Insurance**  
**Hearing Date: Thursday, January 30, 2025, 2:00PM**  
**Conference Room: 329**

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Dear Chair Matayoshi, Vice Chair Chun, and Members of the Committee on Consumer Protection & Commerce:

I am Matt Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm **offers comments** to H.B. 426, which amends the laws relating to the Hawaii Hurricane Relief Fund and Hawaii Property Insurance Association.

State Farm appreciates the effort spent crafting the proposals in H.B. 426, and the willingness of the Legislature to identify solution to improve the insurance marketplace as it relates to Hawaii's condominium buildings and individual units. We understand the goal of H.B. 426 is to ensure a stable insurance market for the people of Hawaii that will draw more insurance companies to the state. More insurers in the market means greater accessibility and affordability for consumers.

State Farm understands the issues are complex. State Farm encourages the Legislature to continue the open dialog with insurers and other stakeholders to ensure all parties involved understand the issues and challenges. We hope the Legislature will continue to engage in discussions that will ensure the Hawaii Property Insurance Association (HPIA) and Hawaii Hurricane Relief Fund (HHRF) to: (1) provide products which are actuarially sound; (2) service consumers who cannot obtain insurance on the voluntary market; (3) encourage consumers to repair, renovate, and remediate properties in an insurable condition; and (4) incentivize the depopulation of HPIA and HHRF. Further discussion and information gathering are crucial as the Legislature continues to mold H.B. 426 into a proposal that will help to resolve the issues of condominium building and condominium unit insurability, accessibility, and affordability.

For these reasons we offer this testimony. Thank you for the opportunity to testify.



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: 1/29/2025

TO: Representative Scot Matayoshi  
Chair, Committee on Consumer Protection and Commerce

FROM: Mihoko Ito

RE: **H.B. 426 – Relating to the Stabilization of Property Insurance**  
**Hearing Date: Thursday, January 30, 2025 at 2:00 p.m.**  
**Conference Room: 329**

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Dear Chair Matayoshi, Vice Chair Chun, and Members of the Committee on Consumer Protection and Commerce:

We submit this testimony on behalf of the Hawaii Bankers Association (HBA). HBA represents seven Hawai`i banks and one bank from the continent with branches in Hawai`i.

HBA **supports** H.B.426, which expands the powers of the Hawaii Property Insurance Association (HPIA) and reactivates the Hawaii Hurricane Relief Fund (HHRF) to help to stabilize the property insurance market in the State so that insurers can continue to insure properties.

The high cost of insurance premiums for condominiums has resulted in condominium boards electing to reduce the amount of insurance coverage of condominiums to less than one hundred percent (100%) replacement coverage. Unfortunately, this has had the unintended consequence of impacting mortgage loans for condominium units, because federal guidelines on Fannie Mae and Freddie Mac prohibit these entities from purchasing mortgages on condominium units that are insured at less than full replacement coverage.

Even if a lender wanted to issue a loan for a condominium unit in an underinsured condominium, holding a loan secured by underinsured collateral could affect that lender's safety and soundness rating. In addition, a lender's ability to provide low down-payment financing with mortgage insurance could be impaired by condominium buildings that do not meet Fannie Mae's or Freddie Mac's guidelines. As a result, first-time homebuyers and low- to moderate-income borrowers would be disproportionately adversely impacted.

HBA served on the Legislative/Executive Task Force during the 2024 interim to work on this measure, and is pleased to support this resulting bill. H.B.426

reactivates HHRF for the purpose of providing gap insurance for underinsured condominiums. The startup funding for HHRF is expected to come from the \$173M held by the HHRF, and the bill also provides for funding sources (insurance assessments and a fee on Bureau of Conveyance and Land Court filings) in the event funding is needed. In addition, H.B.426 proposes to provide a loan to HPIA for startup costs to address underinsured non-condo properties.

There are many proposed solutions to the insurance crisis, but HBA believes this measure is a good place to begin addressing the availability of full coverage insurance so that mortgage loans can continue to be made.

For these reasons, we support H.B.426 and ask the Committee to pass this measure. Thank you for the opportunity to submit this testimony.



1654 South King Street  
Honolulu, Hawaii 96826-2097  
Telephone: (808) 941.0556  
Fax: (808) 945.0019  
Web site: [www.hcul.org](http://www.hcul.org)  
Email: [info@hcul.org](mailto:info@hcul.org)



**LATE**

Testimony to the House Committee on Consumer Protection & Commerce  
Thursday, January 30, 2025  
Conference Room 329

Testimony in Support of HB 426, Relating to Stabilization of Property Insurance

To: The Honorable Scot Matayoshi, Chair  
The Honorable Cory Chun, Vice-Chair  
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League (HCUL), the local trade association for 45 Hawaii credit unions, representing over 877,000 credit union members across the state.

HCUL offers the following testimony in support of HB 426, Relating to the Stabilization of Property Insurance. This bill expands the powers of the Hawai'i Property Insurance Association and reactivates the Hawai'i Hurricane Relief Fund to help stabilize the property insurance market in the State.

HB 426 is important to financial institutions in providing loans to buyers of condominium units. With the threat of destructive weather events and other natural disasters, this bill is necessary to protect property owners and consumers and to ensure that required property insurance remains affordable and attainable.

HB 426 provides a comprehensive solution to the state's property insurance challenges, ensuring that residents, homeowners, and businesses have access to stable and affordable insurance options. By strengthening the Hawaii Property Insurance and reactivating the HHRF, this bill will help preserve homeownership opportunities and protect mortgage lending in our state.

Thank you for the opportunity to provide comments on this issue.



1001 Bishop Street #625 | Honolulu, HI 96813  
866-295-7282 | aarp.org/hi | hiaarp@aarp.org |  
Twitter.com/aarphawaii | facebook.com/aarphawaii

**LATE**

**The State Legislature  
House Committee on Consumer Protection and Commerce  
Thursday, January 30, 2025  
Conference Room 329, 2:00 p.m.**

TO: The Honorable Scot Matayoshi, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for H.B.426 Relating to the Stabilization of Property Insurance

Aloha Chair Matayoshi and Members of the Committee:

I am Keali'i Lopez, State Director of AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people 50 and older to choose how they live as they age. We advocate at the state and federal level for the issues that matter most to older adults and their families. On behalf of our nearly 135,000 members statewide, thank you for the opportunity to share our testimony.

**AARP is in support of H.B. 426 which aims to stabilize the property insurance market by expanding the powers of the Hawaii Property Insurance Association (HPIA) and reactivating the Hawaii Hurricane Relief Fund (HHRF).**

Hawaii's economy depends on insurance, which provides financial protection for consumers when accidents, natural disasters, and other risks become reality—something we know all too well here in our state. Since consumers' homes are the largest assets that most Americans will ever own, the financial protection provided by homeowners insurance is critically important to ensuring consumers' financial stability and security as well as community resilience. Additionally, many, many residents of Hawai'i live in condominiums, including 23,000 AARP members.

The availability of affordable property insurance has been shrinking, a situation further exacerbated by the Lahaina fire in 2023. Condominium owners have seen their policies increase exponentially, with rising deductibles creating significant financial burdens to retain coverage. These increases are not limited to condominium owners; single residences, businesses, and nonprofit organizations have also been impacted by rising insurance costs. This particularly poses financial hardships on older individuals with fixed incomes, as well as organizations and businesses struggling to keep up with their rising operational costs.



By expanding the powers of the HPIA, the bill could help stabilize the property insurance market, making it more resilient to fluctuations and crises. Furthermore, reactivating the HHRF could provide additional resources and coverage options for homeowners, especially in the event of hurricanes, which are a significant risk in Hawai'i. The HHRF can enhance disaster preparedness and response, ensuring quicker recovery and support for affected residents.

With a more stable market and additional resources, there could be a potential reduction in insurance premiums for property owners.

Thank you for the opportunity to testify in support of H.B. 426.



 808-733-7060

 1259 A'ala Street, Suite 300  
Honolulu, HI 96817

 808-737-4977

January 30, 2025

**The Honorable Scot Z. Matayoshi, Chair**  
House Committee on Consumer Protection & Commerce  
State Capitol, Conference Room 329 & Videoconference

**LATE**

**RE: House Bill 426, Relating to the Stabilization of Property Insurance**

**HEARING: Thursday, January 30, 2025, at 2:00 p.m.**

Aloha Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **supports** House Bill 426, which expands the powers of the Hawaii Property Insurance Association and reactivates the Hawaii Hurricane Relief Fund to help to stabilize the property insurance market in the State. Requires the Insurance Commissioner to conduct a study. Appropriates moneys.

Our state grapples with a significant challenge concerning insurance accessibility and rising costs. The market for reinsurance is global; therefore, storms, wildfires, and other natural disasters that strike anywhere in the world impact what homeowners and condo association must pay for coverage in Hawaii as well. Adding to the challenge is that condominium building premiums have risen so high that hundreds of condo associations are reducing their coverage to less than 100%. This has become an issue for home buyers and sellers as Fannie and Freddie Mac<sup>1</sup> require multifamily properties to include 100% windstorm coverage, which includes hurricanes.

We commend the Legislature for addressing this critical issue, as the rising costs, accessibility, and coverage of insurance is an important issue facing our state. We believe measures like these are needed to help address our state's growing insurance challenges impacting both current and future homeowners.

Mahalo for the opportunity to provide testimony on this measure.

<sup>1</sup> Fannie Mae. (n.d.). *Fannie Mae Multifamily Guide*. <https://mfguide.fanniemae.com/node/4516>

**HB-426**

Submitted on: 1/28/2025 7:06:02 PM

Testimony for CPC on 1/30/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Josue Bubla	Individual	Support	Written Testimony Only

Comments:

Hello my name is Josue Bubla, I am military veteran who has PCS'd to Hawaii. My wife and I have been very excited to get to Hawaii, and buy a home in a beautiful paradise as such. Come to our surprise coming from Texas, everything has been surprisingly expensive, including housing, food, and gasoline. It's been very difficult to even enjoy the island, we live with candles for light, and very minimum of food just to make ends meet to pay the mortgage and the HOA cost. Living in Hoopili has been overly expensive, especially with costs rising you start questioning where is the money going to, the neighborhood still looks the same. Grass and flowers have been very minor improvements, as well as upkeep of the trash around the area, graffiti exists around the condos, homeowners are not held accountable for what is on the rules of our HOA guidelines. Noise complaints exists, and overall the homes and condos are deteriorating with debris and dust from construction. Hoopili has lost its lust, looks like a plain neighborhood that is overall not meeting the costs that we have to pay. Overall the costs of HOA is being stolen from the management company Hawaiiana. Because why raise costs when I see the no change. Let alone when everything is already expensive. It should be illegal and an investigation should occur because this is for fraud of consumers that just need to make a earnings to provide for their families.

**House of Representatives  
The Thirty-Third Legislature  
Committee on Consumer Protection & Commerce  
Thursday, January 30, 2025  
2:00 p.m.**

To: Representative Scot Z. Matayoshi, Chair  
Re: HB 426, Relating to the Stabilization of Property Insurance

Aloha Chair Scot Z. Matayoshi, Vice-Chair Cory M. Chun, and Members of the Committee,

Mahalo for the opportunity to comment on HB 426.

In an earlier testimony today, I provided my background.

While I believe in the value of studies, I am hesitant to support studies commissioned by the Legislature because of recent experiences.

In the sphere of condominium association governance, there were three studies--two produced by the Legislative Reference Bureau and one authorized by the Real Estate Commission in the period from 1989 to 1996--that essentially made the same recommendations but were largely ignored.

Unfortunately, the same problems that were noted then, decades ago, continue to persist and a Condominium Property Regime Task Force was established by Act 189 in 2023. I participated in that Task Force which led to the implementation of a study by the Legislative Reference Bureau as enacted by Act 43 in 2024.

As of this date, examinations of the minutes of the DCCA Real Estate Commission reveal that the it has yet to fund its portion of the funds needed for the Legislative Reference Bureau, having put the release of those funds "under advisement." Those funds came from mandatory contributions by registered condominium association owners to the Condominium Education Trust Fund.

Frankly, it was surprising that an unelected body, the Real Estate Commission, can override or ignore the decisions made for the public good by the Legislature.

Regarding HB 426, in December 2024, Aon Re[insurance] produced a "Q4 2024 Property Market Dynamics Report" which provided these insights:

- "clients can expect an aggressive underwriting approach for shared and layered accounts with desirable occupancy classes and profitable historic loss ratios, with or without heavy [natural catastrophe] exposures;"
- the insurance market is stabilizing and "capacity and pricing are competitive across carriers;"

- “desirable occupancies, as well predominantly [natural catastrophe] exposed accounts (excluding Florida) are experiencing flat pricing and even rate reductions;” and
- “Aon does not project a significant, negative impact on insurance capacity and we expect continued moderation in market into 2025.”(source: <https://assets.aon.com/-/media/files/aon/reports/2024/q4-2024-aon-property-market-dynamics-report.pdf>)

Considering what I read from Aon Reinsurance and my experiences, I do not know if a study by the Insurance Commissioner will be timely or appreciated.

I suggest that your Committee should investigate ways to proactively “harden” properties—whether physically, fiscally, or both—to protect the State and our residents long term.

Mahalo for the opportunity to offer these comments.



**HB-426**

Submitted on: 1/29/2025 8:53:39 PM

Testimony for CPC on 1/30/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brian Hirono	Individual	Support	Written Testimony Only

Comments:

As a local mortgage broker, I have been seeing many associations raising HOA dues, some modestly and some substantially, and/or charging special assessments to owners. The direct impact to the homeowner is quite obvious and detrimental - for example 100% increase in monthly HOA payments can significant impact a local families to pay bills or provide for basic necessities especially with the cost of living continuing to rise.

The indirect effects however may be more nefarious. For homeowners who cannot afford the increase in HOA dues are face with very few options.

1. Rent out home at a potential loss - this is not really a solution.
2. Individually purchase supplemental insurance - for homeowners in low-unit complexes like townhomes might be able to find insurer that would underwrite supplemental policies, but all the owners would unanimously have to purchase supplemental polices to cover the whole building. This would be near impossible for high density buildings.
3. Attempt to sell - due to the deficient hurricane coverage many buildings are on "black list" or Ineligible Building List with the bank or investor. This means that even if the homeowner were to list their home for sale, s/he would not be able to attract any buyers who would need to obtain traditional financing through a bank or lender. The only pool of buyers that would be eligible to purchase the property would be cash buyers.
4. Foreclosure - this would be the last resort but most likely option the owner would have to face. Either due to HOA delinquencies or falling behind on mortgage payments.

With the high home prices and higher interest rates we currently face, many Hawaii home buyers usually can only qualify with a very high debt to income ratio, typically right at the approvanle limit of 49.99%. This means that the total monthly payments is at half of a family GROSS income. In many cases that ends up being the entirety of the take home pay.

Ultimately the factors behind this issue lies in changing weather patterns caused by global warming, impact of COVID on the insurance industry, and maybe even corporate greed. But it is local families that are being hit with the brunt of this issue.

We need some respite and a solution to deal with this issue now. Failure for the State to step and aid it's citizen could create a pandemic of foreclosures across the state and deepened the divide between the rich and barely scraping by in our state.



*Mortgage Bankers Association of Hawaii*  
*P.O. Box 4129, Honolulu, Hawaii 96812*

**LATE**

January 29, 2025

The Honorable Scot Z. Matayoshi, Chair  
The Honorable Cory M. Chun, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce

Hearing Date: January 30, 2025  
Hearing Time: 2:00 pm  
Hearing Place: Hawaii State Capitol, Conference Room 329

Re: HB 426 Relating to the Stabilization of Property Insurance

I am Victor Brock, representing the Mortgage Bankers Association of Hawaii ("MBAH"). The MBAH is a voluntary organization of individuals involved in the real estate lending industry in Hawaii. Our membership consists of employees of banks, savings institutions, mortgage bankers, mortgage brokers, financial institutions, and companies whose business depends upon the ongoing health of the financial services industry of Hawaii. The members of the MBAH originate and service, or support the origination and servicing, of the vast majority of residential and commercial real estate mortgage loans in Hawaii. When, and if, the MBAH testifies on legislation or rules, it is related only to mortgage lending and servicing.

#### **MBAH SUPPORTS HB 426 AS DRAFTED**

Since 2023, there has been a lack of sufficient hurricane insurance coverage for many condominium projects in Hawaii, and huge increases in premiums for other condo projects, due to caps on exposure instituted by global hurricane insurance reinsurers. The MBAH supports HB426 because it expands the authority of the Hawaii Hurricane Relief Fund ("HHRF") to issue hurricane insurance coverage directly to condominium homeowners' associations, an authority which was not provided in the original HHRF act and HRS 431P from 1993. Governor Green has been issuing emergency proclamations since August 2024 to provide this authority to the HHRF on a temporary basis. However, a permanent revision to HRS 431P, as addressed in this Bill, is needed.

Additionally, HB426 expands the powers of the Hawaii Property Insurance Association ("HPIA") to provide insurance directly to condominium associations for other types of insurance when a condo project has challenges obtaining coverage.

Both actions will expand availability of insurance for condos in the state and help stabilize the Hawaii property insurance market and provide more affordable options.

This bill is the product of the Governor's Condo and Property Insurance Task Force. Other options were discussed by the Task Force, but expansion of HHRF and HPIA powers were concluded to be the best and most expedient solutions to the immediate needs.

Fannie Mae and Freddie Mac, who are the predominate buyers of mortgages on the secondary market, require that the condominium building maintain hurricane insurance for 100% replacement coverage. Lenders who do not sell their mortgages on the secondary market also require 100% replacement coverage, as insufficient insurance poses financial risk to the lending institutions. Owners of units in condominium projects which do not maintain hurricane insurance for 100% of the estimated cost to rebuild will have difficulty refinancing or securing home equity financing securing their units. They may also not be able to sell their units, unless they are able to procure a cash buyer, as buyers who need to finance all part of the purchase price may not be able to obtain financing altogether on these units. Expansion of the HHRF authority will allow condo projects to obtain hurricane insurance for 100% of the estimated replacement cost at a possibly more affordable price and as required to obtain a mortgage from the majority of lenders.

**We support HB426 as drafted.**

Thank you for the opportunity to present this testimony.

Victor Brock  
Mortgage Bankers Association of Hawaii