

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT GOVERNOR



**Hawaii Green Infrastructure Authority**

An Agency of the State of Hawaii

**JAMES KUNANE TOKIOKA**  
CHAIR

**GWEN S YAMAMOTO LAU**  
EXECUTIVE DIRECTOR

Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Monday, March 31, 2025, 3:15 PM  
State Capitol, Conference Room 308  
in consideration of  
**Senate Bill No. 1044, SD2, HD1**  
**RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on SB 1044, SD2, HD1 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 and reactivates the Hawaii Hurricane Relief Fund to help stabilize the property insurance market in the state.

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.

Thank you for this opportunity to provide comments and testify in support of SB 1044, SD2, HD1.

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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.



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA  
  
**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

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**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HOOKELE  
  
**DEAN I HAZAMA**  
DEPUTY DIRECTOR | KA HOPE LUNA HOOKELE

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

**Before the  
House Committee on Finance  
Monday, March 31, 2025  
3:15 p.m.**

**State Capitol, Conference Room 308 and via Videoconference**

**On the following measure:  
S.B. 1044, S.D. 2, H.D. 1, RELATING TO THE STABILIZATION OF PROPERTY  
INSURANCE**

Chair Yamashita and Members of the Committee:

My name is Jerry Bump, and I am the Acting Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department appreciates the intent of this bill and offers the following comments.

The purpose of this bill is to expand the powers of the Hawai'i Property Insurance Association and reactivates the Hawai'i Hurricane Relief Fund to help to stabilize the property insurance market in the State; require the Insurance Commissioner to conduct a study and appropriates funds for this purpose; appropriate funds as a loan to the Hawai'i Property Insurance Association; and authorize the issuance of general obligation bonds to facilitate the initial issuance of policies to condominium associations.

While we appreciate the intent of the bill, the Department offers the proposed amendments:

Page 40, lines 17 to 21 to page 41, lines 1 to 4:

(7) [~~Require every~~] Contract with one or more licensed property and casualty [~~insurer~~] insurers transacting direct property insurance business in this State or an entity specializing in providing insurance administration to act as a servicing facility, and by contract with that insurer servicing facility authorize the insurer servicing facility to inspect eligible properties, service policies and policyholders of hurricane property insurance, provide claim services, and perform any other duties as authorized by the fund for applicants to the fund and those insured by it;

Page 63, lines 16 to 21 to page 64, lines 1 to 6:

The director of finance is authorized to issue reimbursable general obligation bonds, with revenue from insurance premiums pledged to those bonds, in the sum of \$100,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2025-2026 and in the sum of \$100,000,000 appropriated for fiscal year 2026-2027 for deposit into the hurricane reserve trust fund for the purpose of providing working capital to finance any permitted purpose under this Act. The insurance commissioner, upon the insurance commissioner's determination that it is advisable to transfer funds from the hurricane reserve trust fund, shall reimburse the general fund for payment of debt service on reimbursable general obligation bonds authorized and issued under this section.

Thank you for the opportunity to testify.



1001 Bishop Street #625 | Honolulu, HI 96813  
866-295-7282 | [aarp.org/hi](http://aarp.org/hi) | [hiaarp@aarp.org](mailto:hiaarp@aarp.org) |  
[Twitter.com/aarphawaii](https://twitter.com/aarphawaii) | [facebook.com/aarphawaii](https://facebook.com/aarphawaii)

**The State Legislature  
House Committee on Finance  
Monday, March 31, 2025  
Conference Room 308, 3:15 p.m.**

TO: The Honorable Kyle Yamashita, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for S.B. 1044, SD2, HD1 Relating to the Stabilization of Property Insurance

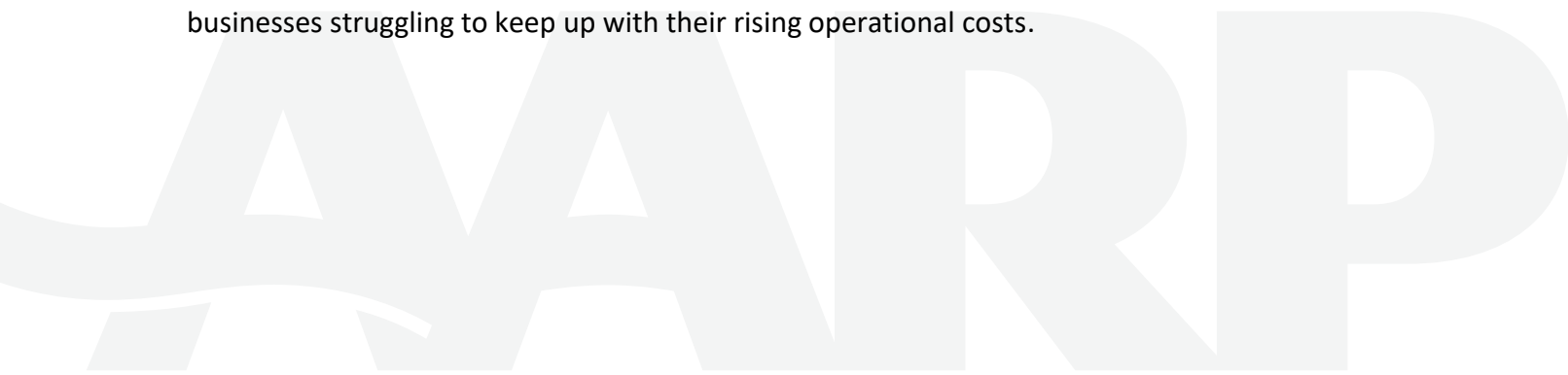
Aloha Chair Yamashita and Members of the Committee:

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 S.B. 1044, SD2, HD1 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 S.B. 1044, SD2, HD1.

March 31, 2025

**The Honorable Kyle Yamashita, Chair**

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

**RE: Senate Bill 1044, SD2, HD1, Relating to the Stabilization of Property Insurance**

**HEARING: Monday, March 31, 2025, at 3:15 p.m.**

Aloha Chair Yamashita, Vice Chair Takenouchi, 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** Senate Bill 1044, SD2, HD1, which expands the powers of the Hawai'i Property Insurance Association and reactivates the Hawai'i Hurricane Relief Fund to help to stabilize the property insurance market in the State. Requires the Insurance Commissioner to conduct a study and appropriates funds for this purpose. Appropriates funds as a loan to the Hawai'i Property Insurance Association. Authorizes the issuance of general obligation bonds to facilitate the initial issuance of policies to condominium associations. Effective 7/1/3000.

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 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.

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

## TESTIMONY OF MICHAEL ONOFRIETTI

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COMMITTEE ON FINANCE  
Representative Kyle T. Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair

Monday, March 31, 2025  
3:15 p.m.

**SB 1044, SD2, HD1**  
**(revised)**

Chair Yamashita, Vice Chair Takenouchi, and members of the Committee on Finance, 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 submits **comments** on 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.

There are many challenges in ramping up both state funds to meet the needs of our dynamic property insurance marketplace in terms of insurance availability. Some of these include determining the scope of products needed, getting rates and forms approved by the Insurance Division, obtaining reinsurance, setting up underwriting guidelines and systems to issue forms, being able to ramp up or down depending on market needs to underwrite, issue policies, and pay claims. We believe these challenges are best met by insurance companies as this is what an insurance company does on a day-to-day basis. At this time, HPIA servicing is provided by an insurance *broker* while HHRF has not yet restarted operations. We believe insurance companies will be able to more efficiently serve the consumers of Hawaii by being able to offer insurance products faster and being able to expand or contract easily as market needs change. As such we ask that the language from SB 1044, SD2 be inserted as it is drafted on pages 14 lines 9-10 and page 38 lines 1-2.

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.





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

March 30, 2025

Rep. Kyle T. Yamashita, Chair  
Rep. Jenna Takenouchi, Vice Chair  
Members of the House Committee on Finance

Hearing Date: March 31, 2025  
Hearing Time: 3:15 pm  
Hearing Place: Hawaii State Capitol, Conference Room 308

Re: SB1044 SD-2 HD-1 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 SB 1044 SD-2 HD-1 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 SB1044 SD-2 HD-1 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, SB1044 SD-2 HD-1 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 obtaining home equity financing secured by 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 SB1044 SD-2 HD-1 as drafted.**

Thank you for the opportunity to present this testimony.

Victor Brock  
Mortgage Bankers Association of Hawaii

# HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

March 31, 2025

Rep. Kyle T. Yamashita, Chair  
Rep. Jenna Takenouchi, Vice Chair  
and members of the House Committee on Finance  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Re: **S.B. 1044, H.D. 1 (Stabilization of Property Insurance)**  
**Hearing Date/Time: Monday, March 31, 2025, 3:15 p.m.**

I am Marvin Dang, the attorney for the **Hawaii Financial Services Association** (“HFSA”). The HFSA is a trade association for Hawaii’s consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

The HFSA **supports the intent** of this Bill.

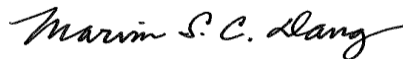
This Bill: (a) expands the powers of the Hawai‘i Property Insurance Association and reactivates the Hawai‘i Hurricane Relief Fund to help to stabilize the property insurance market in the State; (b) requires the Insurance Commissioner to conduct a study and appropriates funds for this purpose; (c) appropriates funds as a loan to the Hawai‘i Property Insurance Association; and (d) authorizes the issuance of general obligation bonds to facilitate the initial issuance of policies to condominium associations.

Hawaii’s condominium buildings continue to confront challenges which affect their ability to obtain adequate property insurance at reasonable or affordable premiums to cover hurricane risks and non-hurricane risks. This situation negatively impacts condominium unit owners, home buyers, mortgage lenders, and others.

The intent of this Bill is to stabilize the property insurance market in Hawaii and ensure that property owners can access affordable property insurance coverage.

We support the intent of this Bill because it has the potential to enable condominium unit owners and buyers to: (a) protect their investment in their condominium units, and (b) have the option to apply for mortgage loans which comply with the federal requirements of Fannie Mae and Freddie Mac (government sponsored enterprises).

Thank you for considering our testimony.



MARVIN S.C. DANG

Attorney for Hawaii Financial Services Association

(MSCD/hfsa)



DATE: March 30, 2025

TO: Representative Kyle Yamashita  
Chair, Committee on Finance

Representative Jenna Takenouchi  
Vice Chair, Committee on Finance

FROM: Mihoko Ito

RE: S.B. 1044, S.D.2, H.D.1 – Relating to the Stabilization of Property Insurance  
Hearing Date: Monday, March 31, 2025 at 3:15 p.m.  
Conference Room: 308

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Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee on Finance:

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** S.B.1044, S.D.2, H.D.1, which 1) 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, 2) requires the insurance Commissioner to conduct a study to develop long-term solutions to stabilize the property insurance market in the State, and 3) authorizes the issuance of general obligation bonds to facilitate the initial issuance of policies to condominium associations.

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. S.B.1044, S.D.2, H.D.1 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 additional funding is needed. In addition, The H.D.1 also authorizes the issuance of general obligation bonds to capitalize HPIA.

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 S.B.1044, S.D.2, H.D.1 and ask the Committee to pass this measure. Thank you for the opportunity to submit this testimony.



808-524-5161



P.O. Box 10065, Honolulu, Hawaii 96816



[director@hawaiiiba.org](mailto:director@hawaiiiba.org)



Hawai'i State Legislature  
House Committee on Finance

March 30, 2025

*Filed via electronic testimony submission system*

**RE: SB 1044, SD 2, HD1 Relating to Stabilization of Property Insurance - NAMIC's written testimony**

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 31, 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 societal importance of addressing commercial insurance coverage challenges for condominium associations, condo owners and citizens of the state of Hawaii. We commend the bill sponsor for working closely, over the past year, with all of the interested stakeholders, including members of the property and casualty insurance industry. Although addressing the insurance needs of condominium associations and their property owner is important to the insurance industry, we must keep in mind the fact that protecting the financial health of the overall insurance industry has to be a top priority consideration because a vibrant and healthy insurance marketplace is the key to eventually depopulating the HPIA and HHRF and addressing the long-term insurance availability and affordability needs of consumers.

Consequently, NAMIC supports the provision in the proposed legislation which authorizes a study by the insurance commissioner to identify and develop a long-term solution to stabilize the property insurance market in the State. We support a formal study of the issue and the enumerated areas of inquiry for the proposed study. We look forward to participating in this important project.

NAMIC has concerns about adopting all other provisions in HB 426, HD1 that could impose an unhealthy financial burden on the HPIA and HHRF to the detriment of the entire insurance marketplace and insurance consumers in the state.

NAMIC looks forward to working with the sponsors, legislative leadership, and the insurance commissioner on a long-range game-plan to stabilize the insurance market in a pro-consumer and pro-competition manner.

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

LATE \*Testimony submitted late may not be considered by the Committee for decision making purposes.



## THE HAWAII ASSOCIATION OF MORTGAGE BROKERS & PROFESSIONALS

March 30, 2025

Rep. Kyle Yamashita  
Chair, House Committee on Finance  
State Capitol  
Honolulu, Hawai'i 96813

RE: SB1044, SD2, HD1 RELATING TO THE STABILIZATION OF PROPERTY INSURANCE.

Hearing date: Monday, March 31, 2025, 3:15 pm, Room 308

Chair Yamashita and Members of the Committee on Finance:

The Hawai'i Association of Mortgage Brokers and Professionals (HAMB) supports SB1044, SD2, HD1, relating to the stabilization of property insurance. This measure would expand the powers of the Hawai'i Property Insurance Association and reactivate the Hawai'i Hurricane Relief Fund to help stabilize the property insurance market in the State.

With the significant losses sustained nationwide due to natural disasters, it is only a matter of time before insurance premiums rise to unsustainable levels. As a result, condominium associations may be forced to either reduce coverage or forgo insurance altogether.

The increasing cost of insurance premiums for condominium homeowners' associations (HOAs) has already led many condominium boards to lower their buildings' insurance coverage. This, in turn, negatively impacts homebuyers relying on mortgage loans, as most lenders—following Fannie Mae and Freddie Mac guidelines—require 100% insurance coverage. When coverage falls short of this requirement, loans cannot be approved, effectively nullifying real estate transactions, regardless of the buyer's qualifications.

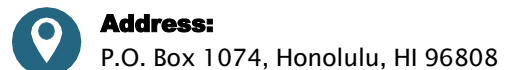
Simply put, any borrower who requires a mortgage to finance their property must have adequate insurance coverage; otherwise, no loan can be issued.

While it is unrealistic to expect the State to cover all increased insurance premiums, a collaborative effort is necessary. Stakeholders—including insurance companies, risk management experts, and policymakers—must work together to develop solutions that curb rising insurance costs while ensuring adequate coverage remains available for homeowners and buyers.

HAMB strongly urges this committee to pass SB1044, SD2, HD1.

Thank you for the opportunity to testify on this important matter.

Sincerely,  
Wayde Nakasone  
HAMB President





**SB-1044-HD-1**

Submitted on: 3/31/2025 8:51:49 AM

Testimony for FIN on 3/31/2025 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jillian Anderson	Waikiki Neighborhood Board	Support	Written Testimony Only

Comments:

The Waikiki Neighborhood Board stands in **support** of SB1044 SD2 HD1.

As countless condominium owners continue to struggle to afford increased property insurance premiums and assessments for repairs and maintenance, it is imperative that the Legislature pass measures this session that offer reprieve to what in many cases is a crushing financial burden.

SB1044, while not the ultimate solution, is a step in the right direction for those in the most dire circumstances. The Waikiki Neighborhood Board supports SB1044 SD2 HD1 to offer an insurance option for the most severely impacted associations.

Most importantly, SB1044 SD2 HD1 will require a study to develop long-term solutions, which condominium-dense neighborhoods like Waikiki need in order for residents to feel financially secure in what in most cases is their life's biggest investment. While previous versions of this bill would have cast a much wider net in terms of benefitting those impacted by the condo insurance crisis, the Waikiki Neighborhood Board remains in support of this measure.



DATE: March 31, 2025

TO: Representative Kyle T. Yamashita  
Chair, Committee on Finance

FROM: Ryan M. Toyomura / Matt Tsujimura

RE: **S.B. 1044, SD2, HD1 – Relating to the Stabilization of Property Insurance**  
**Hearing Date: Monday, March 31, 2025, 3:15PM**  
**Conference Room: 308**

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Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

My name is Ryan Toyomura and I am submitting **COMMENTS** on behalf of State Farm Insurance to S.B. 1044, SD2, HD1, 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 S.B. 1044, SD2, HD1 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 S.B. 1044, SD2, HD1 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.

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



## Written Testimony of the Hawaii Property Insurance Association (HPIA)

Before the

### HOUSE COMMITTEE ON FINANCE

Representative Kyle T Yamashita, Chair / Representative Jenna Takenouchi, Vice Chair

Monday, March 31, 2025, 3:15 p.m.

State Capitol, Conference Room 308 and via video conference

in consideration of

**Senate Bill No. 1044 S.D.2 H.D.1**

**RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

Chair Yamashita, Vice Chair Takenouchi and Members of the Committee:

Thank you for the opportunity to provide written testimony on SB 1044 S.D.2. H.D.1.

The purpose of the this bill is to expand the powers of the Hawai'i Property Insurance Association and reactivates the Hawai'i Hurricane Relief Fund to help to stabilize the property insurance market in the State; require the Insurance Commissioner to conduct a study and appropriates funds for this purpose; appropriate funds as a loan to the Hawai'i Property Insurance Association; and authorizes the issuance of general obligation bonds to facilitate the initial issuance of policies to condominium associations.

HPIA is a non-profit unincorporated association of property and casualty member insurance companies. Property and casualty insurers are automatically a member of the association as a condition of their authority to transact business in the state of Hawai'i. HPIA is a property FAIR plan also known as the market of last resort for property insurance in the state.

HPIA appreciates the intent of this bill and offers the following **proposed amendment** on this bill:

Page 15, lines 10 to 11

(3) Contract with one or more licensed property and casualty insurer /insurers transacting direct property insurance business in this State and/or an entity specializing in providing insurance company administration and management to act as a servicing facility to perform the duties of the association

The HPIA Board of Directors is comprised of 8 member insurers, most of whom are domestic insurers, and include: Allstate Insurance Company, Crum & Forster Insurance, DB Insurance Company, DTRIC Insurance Company, First Insurance Company of Hawaii (FICOH), Island Insurance Company, RLI Insurance Company and State Farm Insurance. Member insurers represent 67% of the board and bring a depth of insurance operational and technical knowledge to the board.

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The HPIA Board of Directors reviews the Plan Administrator and Servicing Agent agreement and services provided on a regular basis, approximately every 3 – 5 years.

In 2019, when the servicing contract with a domestic insurer was set to expire, HPIA issued a request for proposal (RFP) to domestic insurers and received no bids, including the incumbent. Consequently, alternatives were explored, and two companies were invited to participate in the bidding process. The servicing facility contract was awarded to Marsh, an insurance services company with extensive experience in managing hundreds of insurance companies and developing commercial property insurance programs.

Marsh has excelled in their role as program manager, gaining multiple rates increases and expanding the program to help more insureds while operating with dedicated staff with sole focus and attention on serving HPIA. The success of which has been now envied by other carrier(s). The current servicing facility agreement with Marsh expires June 30, 2027.

By limiting the potential program administrators to domestic carriers only, it will limit options and cause cost to increase plus result in less competition for quality services. Currently under the law, any domestic carrier can submit a bid through the RFP process **and earn the right** to be the program administrator.

The Board is highly satisfied with the services provided by the current servicing facility. They have dedicated considerable time and resources to complete the due diligence and recommend a new policy administration system to replace the aging legacy system that poses a significant enterprise risk to HPIA if not replaced promptly.

Changing servicing facilities while in the midst of a core system implementation will be disruptive, introduce additional risks to the project and will likely delay the implementation of the system which will push back the rollout of any new or expanded products for homeowners in Hawai'i.

Replacing the policy administration system is crucial for HPIA to expand its current products and introduce new products. The current servicing facility is diligently executing the Board's decisions which include launching an expanded HO-6, condo unit owners' product, when the new system is implemented later this year. Work is also underway to analyze the commercial property market as respects condominiums to identify options and capital requirements for each.

HPIA remains focused on completing the current initiatives as quickly as possible so that the association can continue to fulfill its mission of stabilizing the property insurance market in Hawai'i.

Thank you for considering this testimony.

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Submitted on: 3/28/2025 11:30:25 PM

Testimony for FIN on 3/31/2025 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
B.A. McClintock	Individual	Support	Written Testimony Only

Comments:

Please support this important bill. Mahalo.

**SB-1044-HD-1**

Submitted on: 3/29/2025 9:40:44 AM

Testimony for FIN on 3/31/2025 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marcia Kimura	Individual	Support	Written Testimony Only

Comments:

I wholeheartedly support this measure.

Please also investigate fraudulent actions by insurance companies guilty of taking advantage of environmental conditions to gouge policy holders.



Testimony in Support of SB 1044 HD1

Dear Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to testify. My name is Daniel Ulu, and I am a licensed REALTOR® with Keller Williams Honolulu—and team leader of The Ulu Team under the largest real estate brokerage in the United States by both agent count and sales volume. I have over 11 years of experience in real estate, representing numerous homeowners in selling their properties and assisting many buyers in purchasing condominiums throughout O'ahu.

I'm testifying today in strong support of SB 1044 HD1 because I've seen firsthand the significant financial strain placed on condominium owners due to skyrocketing insurance premiums and maintenance fees. Many condominium associations, particularly older buildings, have been forced into the secondary insurance market, drastically increasing costs. Some of my clients have faced fee increases of up to 100%, doubling what they were originally paying when they purchased their units. These dramatic increases severely affect affordability, property values, and financial stability for homeowners.

Many homeowners, particularly military members who purchased condos a few years ago, are now facing significant challenges as they prepare to leave the island. Renting out their units has become nearly impossible because their mortgage payments—which include dramatically increased maintenance fees—far exceed current rental market rates. The alternative option is to sell their units; however, increased maintenance fees negatively impact buyer affordability and directly reduce property values. For example, a condo originally purchased at \$500,000 with a manageable maintenance fee of \$500 per month could lose significant market appeal if fees rise to \$1,000 per month. This additional \$500 monthly expense can potentially reduce the property's market value by approximately \$50,000 to \$75,000, as buyers account for higher ongoing costs and adjust their purchasing budgets accordingly.

These financial strains have resulted in many homeowners facing negative equity, effectively putting their properties underwater and forcing them into short sales. This year alone, I've already completed three short sales, have three additional short sales pending, and two more coming soon to market. Such distressing sales significantly impact homeowners' financial stability and creditworthiness. Additionally, if these challenges persist without legislative intervention, there will likely be an uptick in foreclosures as homeowners find themselves unable to meet their financial obligations.

SB 1044 HD1 expands the authority of the Hawaii Property Insurance Association and reactivates the Hawaii Hurricane Relief Fund. These actions will help stabilize the property insurance market, provide crucial relief to condominium owners, and ensure access to adequate, affordable insurance coverage. By stabilizing these costs, this legislation safeguards homeowners' investments and provides long-term security.

Thank you for considering my testimony in favor of SB 1044 HD1.

Respectfully,

Daniel Ulu  
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**SB-1044-HD-1**

Submitted on: 3/30/2025 12:10:43 AM

Testimony for FIN on 3/31/2025 3:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Gregory Misakian	Individual	Comments	Remotely Via Zoom

Comments:

The intentions of SB1044 SD2 HD1 are good, and many who hear about a fund to help condominium owners and homeowners think it's great idea, but the reality is that this bill will not do much to help.

You only have to read one sentence in the bill to know this:

*"Any applicant for insurance from the fund shall provide proof, to the satisfaction of the board, of the inability to obtain hurricane property insurance from insurers licensed to transact business in the State."*

What's been clear from the many I've spoken with whose insurance premiums have skyrocketed, is that they were all offered hurricane property insurance.

Additionally, in most cases it's not up to the Board of Directors of the association to go outside the box for insurance with any special terms, without obtaining the consent of the owners/members via a vote. This will also require time and cost the association money, as there would either have to be a mailed ballot or a Special Meeting of the Association to vote.

Hawaii is also not known for having hurricanes often, so the risk (which is used to establish rates) is much lower than in the southeastern coastal states.

And while many talk about Hurricane Insurance, please remember that this is just one element of the master policies condominium associations have to purchase. Insurance policy costs have spiked overall due to mismanaged associations, years of deferred maintenance, frequent claims for water leaks and other issues, and D&O claims against Board members and associations.

When our legislators and those marketing what sounds like a great idea take the time to fully read and understand the details and specifics behind it, you will realize that the reality is, it's not well thought out and will not provide what is hoped for.

I can only say, I pray that you get it right soon, as many will end up having to sell their homes or lose them to foreclosure when they are unable to pay their maintenance fees and special assessments.

Gregory Misakian





**SB-1044-HD-1**

Submitted on: 3/30/2025 12:45:19 PM

Testimony for FIN on 3/31/2025 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeff Sadino	Individual	Support	Written Testimony Only

Comments:

I support this Bill.