



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

**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HO'OKELE

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

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

**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

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

**Before the**  
**Senate Committee on Commerce and Consumer Protection**  
**Friday, January 31, 2025**  
**9:30 a.m.**

**State Capitol, Conference Room 229 and via videoconference**

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

Chair Keohokalole 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); 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.



Testimony of  
**Gwen Yamamoto Lau**  
Executive Director  
**Hawai'i Green Infrastructure Authority**  
before the  
**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**  
Friday, January 31, 2025, 9:30 AM  
State Capitol, Conference Room 229  
in consideration of  
**Senate Bill No. 1044**  
**RELATING TO THE STABILIZATION OF PROPERTY INSURANCE**

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

Thank you for the opportunity to testify on SB 1044 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.

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):

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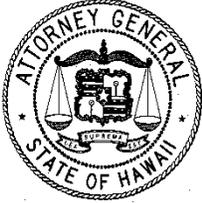
<sup>1</sup> "Why Hawaii's Aging Condos Can't Afford to Defer Maintenance," First Insurance Company of Hawaii, January 5, 2004.

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

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

(2) Is used primarily for residential purposes; and

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



**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:**

S.B. NO. 1044, RELATING TO STABILIZATION OF PROPERTY INSURANCE.

**BEFORE THE:**

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**DATE:** Friday, January 31, 2025

**TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 229

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

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Chair Keohokalole 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.

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 Jarrett Keohokalole, Chair  
Senate Committee on Commerce and Consumer Protection

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF JANUARY 31, 2025; TESTIMONY IN SUPPORT OF SB1044,  
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 essentials.
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.

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 28, 2025

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

FROM: Nohelani U'u-Hodgins *Nohelani U'u-Hodgins*  
Councilmember

SUBJECT: **TESTIMONY IN SUPPORT OF SB 1104, RELATING TO  
THE STABILIZATION OF PROPERTY INSURANCE**

FROM: Friday, January 31, 2025  
9:30 a.m., Conference Room 229

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to expand the powers of the Hawaii Property Insurance Association, reactivate the Hawaii Hurricane Relief Fund to help stabilize the property insurance market in the State, require the Insurance Commissioner to conduct a study to determine a long-term solution, and appropriate funds for the Hawaii Property Insurance Association.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

Maui County, still recovering from the 2023 wildfires, has seen homeowners struggle with skyrocketing premiums and non-renewals, while small businesses face insurance hikes exceeding 200%, threatening their survival.

January 29, 2025  
Page 2

This bill will provide much-needed stability to homeowners, businesses, and non-profits.

I urge you to lend your support to SB 1044.

Mahalo for the opportunity to submit testimony in support of SB 1044.

**SB-1044**

Submitted on: 1/27/2025 12:54:27 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jodi Onaka	Testifying for Townhomes at Fairways Edge	Support	Written Testimony Only

Comments:

Please pass this bill as many homeowners are struggling. If insurance keeps increasing, HOAs will not be paid and people will be in default and be sued.

Hawaii needs to come together for their people.

Thank You,

Jodi Onaka

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

January 28, 2025

*Filed via electronic testimony submission system*

**RE: SB 1044, 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 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 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



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

January 28, 2025

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

Hearing Date: January 31, 2025  
Hearing Time: 9:30am  
Hearing Place: Hawaii State Capitol, Conference Room 229

Re: SB1044 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 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 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 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 SB1044 as drafted.**

Thank you for the opportunity to present this testimony.

Victor Brock  
Mortgage Bankers Association of Hawaii

## TESTIMONY OF MICHAEL ONOFRIETTI

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COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair

Friday, January 31, 2025  
9:30 a.m.

### **SB 1044**

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee on Commerce and Consumer Protection, 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: 1/29/2025

TO: Senator Jarrett Keohokalole  
Chair, Committee on Commerce and Consumer Protection

FROM: Mihoko Ito

RE: **S.B. 1044 – Relating to the Stabilization of Property Insurance**  
**Hearing Date: Friday, January 31, 2025 at 9:30 a.m.**  
**Conference Room: 229**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee on Commerce and Consumer Protection:

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, 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. S.B.1044

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

DATE: January 31, 2025

TO: Senator Jarrett Keohokalole  
Chair, Committee on Commerce and Consumer Protection

FROM: Matt Tsujimura

RE: **S.B. 1044 – Relating to the Stabilization of Property Insurance**  
**Hearing Date: Friday, January 31, 2025, 9:30AM**  
**Conference Room: 229**

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Dear Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee on Commerce and Consumer Protection:

I am Matt Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm **offers comments** to S.B. 1044, 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, 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 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 S.B. 1044 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.

# 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

January 31, 2025

Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair  
and members of the Senate Committee on Commerce & Consumer Protection

Re: **S.B. 1044 (Stabilization of Property Insurance)**  
**Hearing Date/Time: Friday, January 31, 2025, 9:30 a.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** this Bill.

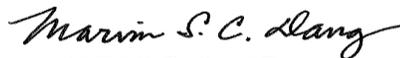
This Bill: (a) expands the powers of the Hawai‘i Property Insurance Association and reactivates the Hawai‘i Hurricane Relief Fund to help to stabilize the property insurance market in the State, (b) requires the Insurance Commissioner to conduct a study, and (c) appropriates moneys.

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

The intent of this Bill is to stabilize the property insurance market in Hawaii until market conditions improve.

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)

January 31, 2025

**The Honorable Jarrett Keohokalole, Chair**

Senate Committee on Commerce and Consumer Protection  
State Capitol, Conference Room 229 & Videoconference

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

**HEARING: Friday, January 31, 2025, at 9:30 a.m.**

Aloha Chair Kehokalole, Vice Chair Fukunaga, 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, 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.

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



Testimony to the Senate Committee on Commerce & Consumer Protection  
Friday, January 31, 2025  
Conference Room 229

Testimony in Support of SB 1044, Relating to Stabilization of Property Insurance

To: The Honorable Jarrett Keohokalole, Chair  
The Honorable Carol Fukunaga, 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 SB 1044, 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.

SB 1044 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.

SB 1044 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 HPIA 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](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  
Senate Committee on Commerce and Consumer Protection  
Friday, January 31, 2025  
Conference Room 229, 9:00 a.m.**

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

Aloha Chair Keohokalole 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 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.

**SB-1044**

Submitted on: 1/24/2025 7:55:48 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cherry Washington	Individual	Comments	Written Testimony Only

Comments:

Hello my name is Cherry Washington. My husband and I currently reside in HO'OPILI with the zip code 96706. The recent increase in HOA for our current home is become unaffordable for us to meet. In the year of 2024 we were paying \$480/month more than three quarters of that is going towards maintenance fee. We currently mortgage a 2 bedroom 2.5 bath. On January 1st we were mailed a new HOA fee for nearly almost \$700. This fee is becoming unaffordable for us to pay turning this maintenance fee the same amount as a brand new car payment. The whole community is struggling to make ends meet. Please help us turn HOA fees affordable again without breaking out pockets. Thank you.

**SB-1044**

Submitted on: 1/24/2025 7:59:28 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
jason chang	Individual	Support	Written Testimony Only

Comments:

**I support this bill because it helps provide immediate relief to condo homeowners from skyrocketing condo insurance costs with no limit by addressing the following:**

**Key Actions:**

- Expands the powers of the Hawai'i Property Insurance Association (HPIA) to provide coverage in cases where private insurance is unavailable.
- Reactivates the Hawai'i Hurricane Relief Fund to assist with insurance-related costs.
- Imposes a temporary recording fee to fund the Hurricane Relief Fund.
- Requires a study on long-term solutions for the insurance market.

**Addressing Challenges:**

- Aims to address rising insurance costs, limited coverage options, and difficulties obtaining financing for condominiums.
- Acknowledges factors such as aging infrastructure, increased reinsurance costs, and recent natural disasters.

**SB-1044**

Submitted on: 1/25/2025 4:36:25 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Bryan Allen P. Aquino	Individual	Support	Written Testimony Only

Comments:

Property insurance for condo/townhome insurance is making it impossible to own the little bit of property we can afford in Hawai'i.

**SB-1044**

Submitted on: 1/27/2025 6:01:52 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Monique R. Ibarra	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

My name is Monique R. Ibarra and I am a homeowner residing in Ewa Beach, Oahu, Hawai‘i. I am writing to express my strong support for Hawai‘i SB 1044 and to thank you for sponsoring this critical legislation.

As a homeowner, I have experienced firsthand the challenges caused by the instability of the property insurance market. Over the past year, my insurance premiums have increased dramatically, making it difficult to budget for essential expenses. These rising costs have created significant financial strain and uncertainty for my family and me.

SB 1044, which expands the powers of the Hawai‘i Property Insurance Association and reactivates the Hawai‘i Hurricane Relief Fund, is a vital step toward stabilizing the property insurance market in our state. This bill will provide much-needed relief and security to homeowners like me, as well as businesses and nonprofits across Hawai‘i.

Additionally, I respectfully urge you to consider including language in the bill that requires insurance companies to respond to requests for proposals (for both new and renewal policies) 60 days or more before the insurance term is due. Currently, many insurers wait until the last minute to respond, leaving policyholders with no time to shop around and effectively forcing them to renew with their current provider. This practice is unfair and limits competition in the market.

Furthermore, I recommend requiring current State of Hawai‘i insurance providers to automatically issue a Loss Run Report to policyholders at the end of each policy year, without requiring a request. Currently, obtaining a Loss Run Report can be a cumbersome and delayed process, which hinders our ability to seek competitive proposals. By addressing these issues, SB 1044 can further empower consumers and promote transparency in the insurance industry.

Thank you for your leadership and commitment to addressing this pressing issue. I strongly support SB 1044 and believe it will have a positive and lasting impact on our community.

Mahalo for your dedication to the people of Hawai‘i.

Sincerely,

Monique R. Ibarra

Ewa Beach, Oahu, Hawai'i

**SB-1044**

Submitted on: 1/29/2025 9:28:35 AM

Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Herzog	Individual	Support	Written Testimony Only

Comments:

**Aloha Honorable Legislators,**

As a single parent and condo owner grappling with the financial pressures of a marketplace designed for the affluent, I acknowledge the intent behind SB 1044 to stabilize the property insurance market through the reactivation of the Hawaii Hurricane Relief Fund. This measure is vital as it promises to mitigate the skyrocketing insurance costs that myself and my neighbors face due to increasingly limited insurance options.

However, while SB 1044 takes significant steps towards addressing these issues, it is crucial to ensure that the solutions proposed do not inadvertently favor the insurance industry at the expense of homeowners. To this end, it is imperative that the bill include provisions that prevent the potential for insurers to unduly influence the terms and availability of coverage, thereby ensuring that the fund's reactivation directly benefits the homeowners it is meant to serve.

**I call upon all lawmakers to recognize the significant impact of their decisions on the hundreds of thousands of residents living in condominiums across Hawai'i.** It is your duty to counteract the industry practices that have profited at the expense of locals and absentee owners alike. Immediate action is necessary to prevent the unchecked escalation of rents and HOA fees, ensuring that our community members, including hardworking families and retired kupuna, are not disproportionately burdened.

To enhance the effectiveness of SB 1044 and address potential concerns about funding strategies and regulatory oversight, the following amendments are proposed:

**1. Detailed Funding Strategy Disclosure:**

- **Transparency in Fee Assessment:** Amend the bill to require detailed disclosures about any fees or assessments that will be levied to fund the Hawaii Hurricane Relief Fund (HHRF). This should include clear guidelines on how these fees are calculated, who will be assessed, and how frequently.
- **Cap on Fees:** Introduce a provision to cap the fees to prevent undue financial burden on homeowners. This cap should be periodically reviewed to adjust to the economic and risk conditions without requiring further legislative action.
- **Public Reporting:** Mandate annual public reporting on the fund's financial health, including sources of funding, expenditures, and outstanding liabilities. This will enhance transparency and accountability.

## 2. Strengthened Regulatory Oversight:

- **Independent Oversight Committee:** Establish an independent oversight committee specifically for the HHRF, comprising stakeholders including homeowners, insurance experts, and government representatives. This committee would oversee the fund's operations, ensure compliance with the legislative intent, and provide recommendations for improvements.
- **Regular Audits:** Require regular audits of the HHRF by a third-party auditor to assess financial management and risk assessment strategies. Audit results should be made public and presented annually to the legislature.
- **Consumer Protection Mechanisms:** Include provisions to establish or enhance consumer protection mechanisms, ensuring that policyholders' rights are protected, especially in dispute resolution processes involving claim settlements.

## 3. Enhanced Communication Strategies:

- **Mandatory Notification Requirements:** Amend the bill to include mandatory notification requirements for any changes in policy terms, fee adjustments, or fund operations that could affect policyholders. These notifications should be required to be provided in multiple formats, including electronic communications, to ensure they reach all homeowners, including absentee owners.
- **Community Engagement:** Require the HHRF to conduct regular community engagement sessions to gather feedback and adjust policies in response to homeowner needs and concerns.

## 4. Performance Metrics:

- **Establish Performance Metrics:** Introduce amendments that require the HHRF to establish and report on specific performance metrics related to policy issuance, claims processing times, and customer satisfaction. This would help measure the fund's efficiency and effectiveness in serving Hawaii's homeowners.
- **Benchmarking Against Private Insurers:** Include provisions for benchmarking HHRF's performance against private insurers in terms of rates, coverage, and service quality to ensure it competes fairly and fulfills its role as a market stabilizer.

By adopting these amendments, the bill can be refined to ensure that it not only addresses the immediate needs of Hawaii's homeowners for stable and affordable insurance options but also operates with long-term sustainability, transparency, and accountability in mind. These changes would help build trust among stakeholders and ensure that the HHRF effectively mitigates the insurance market's challenges in Hawaii.

**Mahalo for your attention and consideration.**

Jessica Herzog - Condo Owner, Oahu  
mssc403@gmail.com  
707.340.5786  
[www.leewardrepair.com](http://www.leewardrepair.com)

**SB-1044**

Submitted on: 1/29/2025 4:34:39 PM

Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan S Ventura	Individual	Support	Written Testimony Only

Comments:

**Aloha Senators,**

My name is Susan Ventura and I am a homeowner residing in Wailuku, Hawai'i. I am writing to express my support for Hawai'i SB 1044 and to thank you for sponsoring this critical legislation.

As a homeowner, I have experienced the challenges caused by the instability of the property insurance market. My insurance premiums have increased dramatically. These rising costs have created financial strain while I attempt to budget for daily essentials on a limited income.

SB 1044, which expands the powers of the Hawai'i Property Insurance Association and reactivates the Hawai'i Hurricane Relief Fund, would be a vital step toward stabilizing the property insurance market in our state. This bill will provide much-needed relief to homeowners, businesses and nonprofits across Hawai'i.

Also, I respectfully urge you to consider including language in the bill that requires insurance companies to respond to requests for new and renewal policy proposals **60 days or more before the insurance term is due**. Many insurers currently wait until the last minute to respond, leaving policyholders with no time to shop around, forcing us to renew with our current provider. This practice is unfair to policyholders and limits competition in the market.

I further recommend requiring current State of Hawai'i insurance providers to automatically issue a **Loss Run Report** to policyholders at the end of each policy year, without requiring a request. Obtaining a Loss Run Report can be a cumbersome and delayed process, which hinders our ability to seek competitive proposals. By addressing these issues, SB 1044 can further empower consumers and promote transparency in the insurance industry.

Thank you for your commitment to addressing this pressing issue. I strongly support SB 1044 and believe it will have a positive and lasting impact on our community.

Mahalo for your dedication to the people of Hawai'i.

**Sincerely,**

Susan Ventura

1063 Lower Main Street #304

Wailuku, HI 96793



**SB-1044**

Submitted on: 1/30/2025 7:20:45 AM

Testimony for CPN on 1/31/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Merle Minami-Shima	Individual	Support	Written Testimony Only

Comments:

Chair Jarrett Keohokalole and Members of the Committee:

My name is Merle Minami-Shima and I am a homeowner residing in Wailuku, Maui. I am in **STRONG SUPPORT** of SB1044 which aims to stabilize Hawaii's property insurance market. I can personally attest that my property insurance premiums have significantly increased over the past years. These premium increases have negatively impacted myself and my neighbors. The dramatic rise in property insurance exacerbates the financial strain on Hawaii's families. Also, as a member of AARP, this issue is even more critical for retirees living on fixed incomes. With that, I strongly urge your support of SB1044 to provide some financial relief to our community.

Mahalo for your consideration.

Merle Minami-Shima