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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. 1141, RELATING TO INSURANCE PROTECTIONS

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 appreciates the intent and offers comments on this bill.

The purpose of this bill is to require insurers offering homeowners insurance policies to comply with certain minimum requirements in cases of losses of owner-occupied residences due to wildfire disasters and appropriates funds.

The bill mandates that insurers give policyholders at least thirty-six months to submit receipts and invoices for the replacement costs of their residence and requires additional living expenses be available for a minimum period of twenty-four months. Additionally, insurers must give policyholders two opportunities to extend the period by six months if acting in good faith. The Department acknowledges that extending the time for policyholders to collect their replacement cost and allowing an extension of alternative living expenses may alleviate the impact of a difficult situation; however, we note that significant extensions will likely result in higher premiums, may influence property insurers' decisions to remain in Hawai‘i, may discourage new insurers from entering Hawai‘i, and ultimately may make it more difficult for property owners to obtain insurance.

Thank you for the opportunity to testify.

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NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

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

January 29, 2025

Filed via electronic testimony submission system

RE: SB 1141, Relating to Insurance Protections - NAMIC's Proposed Amendments

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 bill sponsors' desire to increase insurance coverage benefits, especially in light of the 2023 wildfire tragedy on the island of Maui. However, we are concerned that the proposed legislation would mandate certain coverage minimums. Mandating minimum coverages may have an impact on consumer choice and the premiums consumers must pay for the additional coverages.

If the committee believes that the proposed requirements should be mandated, we respectfully suggest the following clarifying revisions: (Red font strike-through denotes proposed deletions and red font underlining denotes proposed additions)

§431:10E- Definitions. As used in this part:

"Additional living expense coverage" means coverage of increased living expenses during the time required to repair or replace damage to the policyholder's dwelling unit following an insured loss or, if the policyholder permanently relocates, the time required to move the policyholder's household to a new location.

"Owner-occupied residence" means a residence that is occupied primarily for the use of the owner and owner's designees.

"Owner-occupied residence" includes an owner-occupied primary residence but does not include any property that is insured under a commercial insurance or agribusiness policy.

"Recoverable depreciation" means the difference between the cost to replace insured property and the actual cash value of the property.

"Wildfire" means a rapidly spreading fire that: (1) Is difficult to bring under control in an area that includes combustible vegetation, such as trees, grass, brush, or bushes; and (2) Causes widespread or severe damage to property, regardless of the original source of ignition of the fire.

"Wildfire disaster" means a declaration of a state of emergency by the governor pursuant to chapter 127A which, according to the proclamation declaring the emergency, was issued in response to a wildfire.

§431:10E- Homeowners insurance policies; applicability of party. In offering, issuing, or renewing a homeowners insurance policy in this State, an insurer shall comply with the minimum requirements in this part concerning coverage provided under the policy to protect policyholders from damages that occur in the event of a total loss of an owner-occupied residence, including the contents of the owner-occupied residence, due to a wildfire disaster.

§431:10E- Loss due to wildfire disaster; minimum requirements. (a) A homeowners insurance policy shall not limit or deny a payment of the building code upgrade cost or a payment of any extended replacement cost available under the policy coverage for a policyholder's structure that was a total loss on the basis that the policyholder decided to rebuild in a new location or to purchase an existing structure in a new location if the policy otherwise covers the replacement cost or building code upgrade cost; provided that the measure of indemnity shall not exceed the replacement cost, including the upgrade costs and extended replacement cost for repairing, rebuilding, or replacing the structure at the original location of the loss subject to the policy limits.

(b) If a homeowners insurance policy requires a policyholder to repair, rebuild, or replace damaged or lost property in order to collect the full replacement cost for the property, the insurer, subject to the policy limits, shall:

(1) Allow the policyholder at least thirty-six months to submit receipts and invoices for the replacement costs of the insured owner-occupied residence. For the purposes of this paragraph, the thirty-six month period shall begin on the date upon which the insurer provides the initial payment toward the actual cash value of the damage or loss; and

(2) Provide that, in addition to the period described in paragraph (1), the policyholder has the option to twice extend the period by six months if the policyholder, acting in good faith and with reasonable diligence, encounters unavoidable delays in the approval for, or reconstruction of, the owner-occupied residence that are beyond the control of the policyholder. Circumstances beyond the control of the policyholder include, obtaining a construction permit, lack~~s~~ of necessary construction materials, or lack~~s~~ of available contractors to perform necessary work~~, or encounters other circumstances beyond the policyholder's control~~. This paragraph shall not be construed to prohibit an insurer from allowing a policyholder additional time to collect the full replacement cost for lost or damaged property or for additional living expenses.

(c) The policy shall include additional living expense coverage to apply in the event of a loss due to a wildfire disaster. Notwithstanding any other law to the contrary, additional living expense coverage shall be available for a period of at least twenty-four months, and the insurer shall offer the policyholder the opportunity to twice extend the period by six months if the policyholder, acting in good faith and with reasonable diligence, encounters a delay or delays in the approval for, or reconstruction of, the owner-occupied residence that are beyond the control of the policyholder.

Circumstances beyond the control of the policyholder include, obtaining the ~~receiving~~ necessary permit approvals for, or reconstruction of, the insured owner-occupied residence, lack of necessary construction materials, or lack of available contractors to perform the necessary work.~~provided that the delays are beyond the control of the policyholder.~~

(d) The policy shall provide' that, to replace personal property and receive recoverable depreciation on that property, an insurer shall allow the policyholder the greater of:

(1) At least three hundred sixty-five days after the expiration of additional living expense coverage; or

(2) Thirty-six months after the insurer provides the policyholder the first payment toward the actual cash value of the loss.

(e) The policy shall provide that the insurer shall pay the policyholder for the loss of use of the insured property within twenty days after the insurer receives documentation of the loss. The documentation may include a signed lease that obligates the policyholder to pay for temporary replacement housing; provided that:

(1) If a policyholder provides a signed lease as documentation, the insurer may pay the policyholder in monthly or other increments, in accordance with the terms of the lease; and

(2) Alternatively, an insurer may provide advance rent payments for housing for the policyholder, family members, livestock, and pets, as necessary.

(f) The policy shall provide that the policyholder may either:

(1) Replace the insured owner-occupied residence at the current location or another location; provided that, in either case, the calculation of the replacement cost of the insured owner-occupied residence shall not include consideration of the value of the land upon which the replacement residence is located; or

(2) Use the proceeds from the policy to purchase an existing residence at a new location, in which case the calculation of the replacement cost of the insured owner-occupied residence shall not include consideration of the value of the land upon which the existing residence is located.

(g) The policy shall allow a policyholder to use claims payments resulting from coverage against the loss of outbuildings, dwelling extensions, and other structures to pay the costs of a replacement residence if the coverage limit that applies to the policyholder's owner-occupied residence is insufficient to pay for rebuilding or replacing the owner-occupied residence. Any claims payments for losses pursuant to this subsection for which replacement cost coverage is applicable shall be for the full replacement value of the loss, without requiring actual replacement of the other structures. Claims payments for other structures that exceed the amount applied toward the necessary cost to rebuild or replace the damaged or destroyed owner-occupied residence ~~dwelling~~shall be paid according to the terms of the policy.

(h) Within a reasonable amount of time after receiving a claim under an issued policy, an insurer shall provide to the policyholder:

(1) Appropriate contact information that allows for direct contact with either an employee of the insurer or a representative who is capable of elevating complaints or inquiries to an employee of the insurer;

(2) At least one means of communication during regular business hours; and

(3) A written status report if, within a six-month period, the policyholder is assigned a third or subsequent adjuster to be primarily responsible for a claim. The written status report shall include a summary of any decisions or actions that are substantially related to the disposition of a claim, including the amount of losses to structures or contents, the retention or consultation of design or construction professionals, the amount of coverage for losses to structures or contents, and all items of dispute.

§431:10E- Total loss of furnished owner-occupied residence. (a) If a homeowners insurance policyholder experiences a total loss of the contents of an owner-occupied residence that was documented as being furnished at the time of loss because of a wildfire disaster, the insurer shall:

(1) Notwithstanding any other law or provision of the insurance policy to the contrary, offer the policyholder a minimum of sixty-five percent, or a larger percent by mutual agreement of the policyholder and insurer, of the limit of the contents coverage indicated in the declaration page of the policy without requiring the policyholder to submit a written inventory of the contents;

(2) If a policyholder receives the depreciated value of contents insured under a policy, the insurer shall make available to the insured the methodology used for determining the depreciated value of the insured contents;

(3) Notify the policyholder that:

(A) Acceptance of the money described in paragraph (1) of this section does not change the benefits available under the policy;

(B) Additional money may be available if the policyholder submits an inventory; and

(C) The insurer is required, pursuant to paragraph (2) of this section, to disclose its methodology for determining the depreciated value of the contents of insured property;

(4) Provide payment for covered costs associated with the removal of debris within sixty days after receiving an invoice, receipt, or other documentation indicating the date and cost of the removal of the debris; provided that, in cases where debris removal is conducted by, or in coordination with, governmental entities, payment for covered costs for removal of debris will be provided within a reasonable amount of time once the amount available for debris has been agreed to by all parties; and

(5) Provide payment for any covered loss of trees, shrubs, and landscaping within thirty days after the insurer receives documentation of the loss, such as documentation from a landscaping company showing the number and nature of trees, shrubs, and landscaping features damaged or destroyed.

(b) If the policyholder submits an inventory of personal property losses in an amount that exceeds the amount paid to the policyholder pursuant to subsection (a)(1), the insurer shall:

(1) Request any additional information concerning the inventory no later than thirty days after receiving the inventory; and

(2) Provide payment for any covered and undisputed items within thirty days after receiving the inventory.

(c) The commissioner shall adopt rules to simplify the process for policyholders to submit an inventory for personal property losses and expedite reimbursement for the losses.

§431:10E- Rules. The commissioner may adopt rules pursuant to chapter 91 necessary to implement this part."

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at 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

HAWAII INSURERS COUNCIL
A trade association of property and casualty insurance companies

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Alison H. Ueoka
President

TESTIMONY OF MICHAEL ONOFRIETTI

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

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

SB 1141

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 **opposes** this bill. This bill mandates certain coverage requirements after a “wildfire disaster” without regard to the limits of insurance purchased by the policyholder; mandates other coverages in the event of a “wildfire disaster” that are either confusing or already provided; and confuses different coverage concepts. The bill will, in all likelihood, increase premiums for all homeowners and may discourage insurers from providing insurance to homeowners in Hawaii. An already deeply challenged Hawaii homeowners market could be driven into chaos.

Provisions under “Loss due to wildfire disaster; minimum requirements”

Subsection (a) of the section of the bill entitled “Loss due to wildfire disaster; minimum requirements” (page 3, lines 3-15) provides that a homeowners insurance policy shall not “limit” or deny coverage for a building code upgrade or “extended replacement cost” available under a policy in a total loss context on the basis that the policyholder decided to rebuild in a new location or purchase an existing structure at another location. This portion of the bill omits any reference to the policy limit purchased by the policyholder while preventing insurers from “limit[ing]” coverage, which would lead to steeply increased premiums. (Many policies already permit policyholders to rebuild at another location under certain circumstances.)

Subsection (b) of the same section (page 3, line 16 to page 4, 18) provides time frames during which the insurer must allow policyholders to submit receipts and invoices for replacement cost of the owner-occupied residence. The subsection also allows the policyholder to twice extend the time period of submission by six months if the policyholder acts in good faith and with reasonable diligence but encounters several unavoidable delays. Allowing the policyholder to unilaterally extend the time frame to submit receipts and invoices, without input from the insurer, is unreasonable. This requirement limits or removes much of the insurer’s claims adjusting prerogatives. The triggers for two six-month extensions also could lead to disputes over whether the policyholder acted in “good faith” or contributed to the delay. (The mention of “additional living expenses” in this subsection (page 4, line 18) appears to be erroneous.)

Subsection (c) (page 4, line 19 to page 5, line 8) mandates minimum time frames for additional living expense (ALE) coverage, which the policyholder can unilaterally decide to twice extend by six months. This subsection does not reference the policy limit applicable to ALE coverage. Therefore, ALE coverage theoretically could expand way beyond the policy limit, certainly causing ALE coverage to cost more, resulting in increased premiums for all homeowners. As with subsection (b), allowing the policyholder to unilaterally extend the time frame with ALE claims, without input from the insurer, is unreasonable.
Subsection (d) (page 5, lines 9-16) sets time frames for the insurer but omits the action required of the policyholder. The bill references payment of “recoverable depreciation,” defined as “the difference between the cost to replace insured property and the actual cash value of the property” (page 2, lines 1-3). However, because standard homeowners policies call for settlement of personal property losses at “actual cash value,” any mandate of loss settlement at “recoverable depreciation” will increase premium costs for all

homeowners policies. It should be noted that many insurers already sell and charge premiums for endorsements calling for loss settlements at replacement cost, which policyholders have the option to purchase.

Subsection (e) (page 5, line 17 to page 6, line 9) is unclear. It mandates “loss of use” coverage and a payment deadline. However, the term “loss of use” is a broad term that normally includes three components – ALE, “fair rental value” (the fair rental value of property rented to others), and “civil authority” (when a civil authority prohibits the policyholder from use of the insured’s premises as a result of direct damage to neighboring premises). The bill’s reference to “advance rent payments for housing for the policyholder, family members . . .” suggests that subsection (e) was meant to apply only to ALE.

Subsection (f) (page 6, 10 to page 7, line 2) specifies that a homeowners policy must provide that the calculation of the replacement cost of an owner-occupied residence shall not include the value of the land. While this provision is not objectionable, it is unnecessary because homeowners policies already provide that coverage does not apply to land, including land on which the dwelling is located.

Subsection (g) (page 7, lines 3 to 16) would require policies to allow policyholders to combine their policy limits for their dwelling and other structures and to settle losses at full replacement value of the dwelling. This would increase premiums for all policyholders, since the premium for other structures coverage is either much smaller than the premium for the dwelling and is often included in the premium for the dwelling. The bill would, in effect, increase the cost of the policy by the additional premium attributed to the cost to replace the dwelling.

Subsection (h)(3) (page 8, lines 5-14) imposes an unreasonable burden on claims adjusting offices that already are taxed when dealing with a wildfire disaster. At most, the information set forth in subsection (h)(3) should be provided only if the policyholder requests it.

Provisions under "Total loss of furnished owner-occupied residence"

Subsection (a) of the section of the bill entitled "Total loss of furnished owner-occupied residence" (page 8, line 15 to page 10, line 15) requires the insurer, when the policyholder experiences a total loss of the contents of an owner-occupied residence resulting from a wildfire disaster to: (1) offer to pay the policyholder a minimum of 65% of the limit of the contents coverage without requiring the policyholder to submit a written inventory of the contents; (2) explain the method it used to depreciate the value of the contents; (3) inform the policyholder that additional benefits may be available; (4) provide debris removal payment within certain time frames; and (5) provide payment for covered loss of trees, shrubs, and landscaping within 30 days after proof of loss. HIC objects to the requirement to pay 65% of the limit of insurance for contents without proof of inventory. In many cases, this could result in the policyholder holder receiving literally multiple times even the replacement cost of the personal property, since the limit of contents coverage is rarely, if ever, determined by the policyholders' estimate of the value of their possessions. Rather, the limit of contents coverage is usually determined by a set percentage of the coverage limit applicable to the policyholders' dwelling, i.e., the insured value of the home itself. Mandating a minimum 65% percent payment will almost certainly increase the cost of insurance for Hawaii homeowners.

Subsection (b) of the bill (page 10, line 10 to page 11, line 5) imposes 30-day deadlines for the insurer to request additional information and to pay for covered and undisputed items of personal property. The standard homeowners policy usually requires payment within 30 days after the insurer receives the policyholder's proof of loss and the parties reach an agreement, there is a final judgment, or an appraisal award is filed. HIC prefers letting the policy language govern over a statutory mandate.

Finally, enactment of this bill could have the unintended consequence of Hawaii residential property insurance coverages being sold ala carte rather than as a package. Purchasing coverage for dwelling, contents, ALE and other elements of loss individually is a much more complex process for insurance consumers and their agents.

Based on the foregoing, HIC respectfully requests that this bill be held.

Thank you for the opportunity to testify.

KAIBIGAN NG LĀHAINA
P.O. Box 10492 Lahaina, HI 96761
info@kaibiganglahaina.org

January 29, 2025

Senate Committee on Commerce and Consumer Protection
Sen. Jarrett Keohokalole, Chair
Sen. Carol Fukunaga, Vice-Chair
Hawaii State Senate

Re: Testimony in SUPPORT of S.B. 1141

Dear Chair Keohokalole, Vice-Chair Fukunaga and Committee Members,

On behalf of Kaibigan ng Lahaina, I'd like submit testimony in support of S.B. 1141 - Relating to Insurance Protections. As a non-profit organization with the mission of assisting Filipino and immigrant community members in West Maui navigate the recovery process after the August 8, 2023 Maui wildfires, we witness the difficulty of many families trying to traverse through recovery with insufficient, and even no insurance coverage. The financial consequences of losing a home and possessions is not only a matter of a loss of investment but creates insurmountable challenges for working-class families.

The proposals included in S.B. 1141 will provide adequate protections and coverage for homeowners who simply want a chance to rebuild their homes and recover the sense of security and sanctuary only a home can provide. We are witnessing many in our Filipino community attempt to rebuild with insufficient finances causing increased efforts of organizations like ours to locate resources for assistance. Even with the amount of private and public funds being offered, many families still face challenges in securing the finances to rebuild, including undergoing strenuous claim filings and working with their financial institutions to pay mortgages for homes that were lost.

While this bill may not remedy the challenges our community are undergoing now, the necessity of these provisions to assure greater protections for our Hawaii communities remains. Although our hope is that no other community would ever have to experience what Lahaina has endured, the proposals in S.B. 1141 would provide adequate consumer protection and assurance of owner-occupied home investments of working-class families.

We respectfully request the passage of this measure and continued support for S.B. 1141.

Sincerely,

Eric C. Arquero
Executive Director

Council for Native Hawaiian Advancement
91-1270 Kinoiki St., Bldg. 1
Kapolei, HI 96707

Hawaiʻi State Senate
Committee on Commerce and Consumer Protection
SB1141 – Relating to Insurance Protections

RE: Strong support of SB1141 January 31, 2025

The Council for Native Hawaiian Advancement (CNHA) writes in **strong support with amendments** of SB1141 to refine insurance protections for disaster survivors. As an organization, CNHA has learned firsthand about the numerous pitfalls and lack of protections faced by disaster survivors in the wake of the Maui wildfires. It is important to learn from and fix our mistakes before disaster strikes again.

CNHA has been significantly involved in Maui wildfire recovery. Since August 2023, our resource center has assisted over 9,000 individuals, distributed over 11,000 donation kits, furnished over 700 homes, and housed over 1,000 individuals. We pride ourselves on the work we've been able to do, but we also know it's not nearly enough. CNHA data shows that the average homeowner payout for coverage was just $550,000 while rebuild costs are estimated at $600,000 to $850,000. The overwhelming majority of policyholders were underinsured and now may be unable to rebuild their homes and their lives.

SB1141 creates greater safeguards, such as allowing policyholders to rebuild in a different location, extending the amount of time for survivors to provide documentation, and requiring clear communication between insurers and policyholders. However, this bill unnecessarily limits itself by only applying to wildfire disasters. **SB1141 should be amended to apply to all disasters, not just wildfires**. Homeowner insurance policies are not uniquely vulnerable to wildfires but have these defaults during all disasters. This legislation is a critical step in learning from previous disasters so future survivors won't feel the same pains.

We humbly ask that you **SUPPORT SB1141** and continue your work towards greater disaster resiliency.

Mālama pono,

Madelyn McKeague
Director of Advocacy, CNHA

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Date January 29th. 2025

To: Honorable Jarrett Keohokalole
and Committee Memenbers of the Commerce and Consumer Protection (CCP)
Hawaii State Capitol Room no. 229

Hearing Date: 1/31/2025 at 9:30 am

Re: **SUPPORT for SB 1141 Testimony w/modifications**

Dear CPH Committee Members,

My name is Robert Hugh Joslin, and I am the President of Hawaii Public Adjusters ("HPA"). Our family-owned business is located at 437 Liholiho Street, in Wailuku, Maui, Hawai'i. The firm is the only resident public adjusting firm with continuous Hawaii operations servicing our island communities for over 23 years. I have been licensed as a Public Adjuster ("PA") by the State of Hawaii since October of 2002 pursuant to HRS Sections 431:9-201, 431:9-222 and 431:9-226.

For most of my adult life, I have been involved in insurance and commercial development work. I have been active in Hawaii on commercial development projects dating back to 1984. In 2011, I became the first and remain the only, Hawaii resident to be designated as a Certified Professional Public Adjuster ("CPPA") by the Insurance Institute of America ("The Institute"). The Institute remains the sole certifier of distinguished insurance gradations such as the Chartered Property Casualty Underwriter ("CPCU"). I also hold a professional certification from the Wind Network as an Insurance Appraiser. I also hold the designation of Certified Insurance Appraiser from the national Insurance Appraiser and Umpire Association ("IAUA"). I am also the current Vice President (2nd) for the National Association of Public Insurance Adjusters ("NAPIA") with its main offices located in Potomac Falls, Virginia. NAPIA was founded in 1951 and early on, was recognized as the first policyholder advocacy group with a nationwide impact for many insureds who were suffering through their insured property losses.

As a Hawaii Public Adjuster, I submit to oversight from the State of Hawaii's Insurance Department, the SOHID Commissioner and to his very dedicated staff. I am, by design, a public advocate for your Hawaii policyholders and those out of state owners of property that are located within our great state. I have a firm duty under HRS 431:9-226 to investigate for, report to and adjust on behalf of insureds (only). By legislative act, a PA represents an insured's financial interest in an insurance claim. Our family and our additional fellow PAs, along with our supporting staff members, make up the only full-time and fully established PA firm operating within this state. We are well-versed in every facet concerning Hawaii property insurance claims. We exist solely for the use, benefit and support for your Hawaii property policyholders.

Let me start off by saying that the concept of this bill has good intentions but, from this consumer advocate's point of view, it needs a little bit more work. It is with the upmost respect, however, that I offer up certain issues that I have with SB 1141, in its present form. It is my hope that the esteemed chair and the committee members will consider my reasoning for adjustments to the clausal language within the bill.

I have marked up the bill and each of my comment are numbered and, therefore, each one correlates with the same numbering that follow below.

1) As to page **2** at line **18**, the following should be utilized.

. . .

Why?

18 The word "section" is used throughout policy references. The word "~~part~~" isn't.

. . .

2) As to page **3** line **20** thru page **4** up to the middle of line **7,** the following should be deleted:

. . .

3/20 to 4/7. ~~(1) Allow the policyholder at least thirty-six months to submit receipts and invoices for the replacement costs of the insured owner-occupied residence. For the purposes of this~~

~~paragraph, the thirty-six month period shall begin on the date upon which the insurer provides the initial payment toward the actual cash value of the damage or loss; and (2) Provide that, in addition to the period described in paragraph (1),~~

. . .

Why?

Currently all Home-Owner Policies (HO-1s Basic, HO-2s Broad and HO-3s Special) do not have such limitations. What exist is a 180-day notice to the insurer that the policyholder intends to rebuild they're structures. Why would there be a time limit or any type of tolling that doesn't currently exist? That would harm the consumer.

. . .

3) **As to page 5 line 2** the following clausal language should be added:

period of at least twenty-four months *(or two years) from the date of loss*, and the insurer shall . .

. . .

Why?

Most, if not all, tolling periods clock forward *from the date of loss*. Adjustments, legal notices, and court filings tie back to "from the date of loss".

. . .

4) **As to page 5 line 12** the following clausal language should be changed:

. . .

Why?

Typically, such clausal language is either in months or years. This language is neither. Adjustments, legal notices, and court filings tie back to "from the date of loss". This section has both various days and months as tolling periods which a lay person may find difficult to follow.

. . .

5) **As to page 6 line 12** the following clausal language should be changed:

. . .

Why?

The word "~~may~~" is objective however, the word "shall" is precise and clearly definitive.

6) **As to page 7 line 5** the following clausal language should be deleted.

. . .

Why?

In all Homeowner's policies, "~~dwelling extensions~~" are actually under the Coverage "A" portion of the policy. It is not part of the Coverage "B" "Other Structures" portion of the policy as is being described in the bill's clausal language. Adding an extension to the underlying subject dwelling is just that. It is adding more footage to the existing structure under the Coverage "A" portion of the policy.

7) As to page 7 lines 17 and 18 the following clausal language should be modified.

17. DELETE ~~a reasonable amount of time~~ and ADD "fourteen calendar days"

18. DELETE the word ~~under~~ and ADD "notification against"

. . .

Why?

A ~~reasonable amount of time~~ is an arguable phrase whereas "fourteen calendar days" is measurable and definitive.

A "claim notification against an issued policy" is typically an ACORD Property Loss Notice from the insured's insurance producer (their insurance agent) or via a simple email. The language in this proposed section states that its upon receiving a claim which could be months later which is far different from a notice of a claim.

8) As to page 8 line 8 the following clausal language should be modified.

8. DELETE ~~or construction professionals,~~

. . .

Why?

~~Construction professionals~~ are not insurance adjusters. In most all states, construction professionals (contractors) are barred from participating in property claim activities. Although Hawaii has yet to address that issue, contractors, whether licensed or not, get between Hawaii's policyholders and the insurance carriers and have exorbitant upfront demands and then subsequently disappear once the initial monies are paid. This clause would only anoint those storm chasers which causes so many problems for the unsuspecting Hawaii consumer.

9) As to page 8 line 20 & 21 the following clausal language should be deleted.

8. DELETE "~~or provision of the insurance policy to the contrary,~~"

. . .

Why?

Four documents make up all homeowner policies. Easiest way to remember them is to remember the acronym known as the DICE documents. That stands for Declarations – Insuring agreement Conditions and Endorsements. Understand that that the only way an insurer changes the Declarations, Insuring agreement and Conditions is through the implications as stated in an Endorsement. Statutes trump policy language. If this language remains in this proposed bill, then I can easily predict that carriers will quickly create endorsements, as part of future policies to get around this bill's Personal Property payout clause.

10) DELETE the wording of ~~sixty-five~~ and ADD "eighty" in its place.

. . .

Why?

We have very rarely witnessed any homeowner ever be able to replace all of their possessions within a several years after a catastrophic loss. Their immediate concerns are to get through the reconstruction of their structures. They purchase the minimum contents to get through the reconstruction and only hope that some day they will be able to replace what they've loss. The reader should understand that if they have 57 books, they would be required to replace them with the same 57 books that they've already have read. The point is, although the policy will pay for those replacement books -exactly- people just don't actually do that. The eighty percent simply means that the carrier walks away with the remaining 20% simply because the policyholder isn't going to go on an exacting shopping spree.

11) DELETE ~~by mutual agreement of the policyholder and insurer,~~

. . .

Why?

It's not necessary if one considers that at 80% and without submitting a written inventory

Is fair to both first and second parties.

12) DELETE ~~(2) If a policyholder receives the depreciated value of contents insured under a policy, the insurer shall make available to the insured the methodology used for determining the depreciated value of the insured contents;~~

. . .

Why?

Courts in Hawaii and in other venues have held that the methodology of each Personal Property item is determined by its condition and under certain circumstances, by its age. Our firm has not come across any other methodology for determining depreciation of contents. Consider the Imelda Marcos example. She had over 3,000 pairs of footwear. Some were 30+ years old. But their condition was excellent. That would drive only a one percent depreciation. Compare that to a homeless person's shoes. One set of his/her shoes might be extremely important; however, the value would drive the opposite depreciation consideration of 99%.

13) DELETE ~~(2) If a policyholder receives the depreciated value of contents insured under a policy, the insurer shall make available to the insured the methodology used for determining the depreciated value of the insured contents;~~

. . .

Why?

Same as #12.

14) DELETE ~~sixty~~ change the tolling period "thirty"

. . .

Why?

Insurers should pay their bills under 30 days.

15) DELETE ~~invoice, receipt, or~~ and replace that with "estimate"

. . .

Why?

Insurance is not a reimbursement agreement. It is an indemnification doctrine. Policyholders should not have to prepay for any of these contractor cost. "Indemnity" means protection against, or compensation for, a loss or liability.

16) **As to page 10 lines 12 (partial) to 15** the following clausal language should be deleted.

8. DELETE ~~, such as documentation from a landscaping company showing the number and nature of trees, shrubs, and landscaping features damaged or destroyed.~~

. . .

Why?

Contractors, including landscaping companies,-are not insurance adjusters. In most all states, construction professionals (contractors) are barred from participating in property claim activities. Although Hawaii has yet to address that issue, contractors, whether licensed or not, get between Hawaii's policyholders and the insurance carriers and have exorbitant upfront demands and then subsequently disappear once the initial monies are paid. This clause would only anoint those storm chasers which causes so many problems for the unsuspecting Hawaii consumer.

17) **As to page 10 line 19** Insert the following verbiage: Request any "relevant and available" additional . . .

. . .

Why?

Adding that wording will assist in avoiding delays regarding unnecessary communications.

18) **As to page 12 lines 3and 4** Delete: ~~renewed after December 31, 2025~~. Insert the following verbiage: "the underlying policy's annual renewal date, whichever comes first.". . .

. . .

Why?

Without that additional verbiage allows for a much smother transition for the state's policy producers and all the insurers' underwriters.

Other than those comments, I support the legislation and acceptance of SB 1141

Respectfully,

Robert Hugh Joslin

Robert Hugh Joslin (P) CPPA
Hawaii Public Adjusters

M-F/8a-4p Office Line: 808-856-3041

THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

JAN 17 2025

S.B. NO. 1141

A BILL FOR AN ACT

RELATING TO INSURANCE PROTECTIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new part to article 10E to be appropriately designated and to read as follows:

"PART . COVERAGE; WILDFIRE DISASTERS; MINIMUM REQUIREMENTS

§431:10E- Definitions. As used in this part:

"Additional living expense coverage" means coverage of increased living expenses during the time required to repair or replace damage to the policyholder's dwelling unit following an insured loss or, if the policyholder permanently relocates, the time required to move the policyholder's household to a new location.

"Owner-occupied residence" means a residence that is occupied primarily for the use of the owner and owner's designees. "Owner-occupied residence" includes an owner-occupied primary residence but does not include any property that is insured under a commercial insurance or agribusiness policy.

"Recoverable depreciation" means the difference between the cost to replace insured property and the actual cash value of the property.

"Wildfire" means a rapidly spreading fire that:

(1) Is difficult to bring under control in an area that includes combustible vegetation, such as trees, grass, brush, or bushes; and

(2) Causes widespread or severe damage to property, regardless of the original source of ignition of the fire.

"Wildfire disaster" means a declaration of a state of emergency by the governor pursuant to chapter 127A which, according to the proclamation declaring the emergency, was issued in response to a wildfire.

§431:10E- Homeowners insurance policies; applicability of party. In offering, issuing, or renewing a homeowners insurance policy in this State, an insurer shall comply with the minimum requirements in this Section ~~part~~ concerning coverage provided under the policy to protect policyholders from damages that occur in the event of a total loss of an owner-occupied

SB-1441
1

residence, including the contents of the owner-occupied residence, due to a wildfire disaster.

§431:10E- Loss due to wildfire disaster; minimum requirements. (a) A homeowners insurance policy shall not limit or deny a payment of the building code upgrade cost or a payment of any extended replacement cost available under the policy coverage for a policyholder's structure that was a total loss on the basis that the policyholder decided to rebuild in a new location or to purchase an existing structure in a new location if the policy otherwise covers the replacement cost or building code upgrade cost; provided that the measure of indemnity shall not exceed the replacement cost, including the upgrade costs and extended replacement cost for repairing, rebuilding, or replacing the structure at the original location of the loss.

(b) If a homeowners insurance policy requires a policyholder to repair, rebuild, or replace damaged or lost property in order to collect the full replacement cost for the property, the insurer, subject to the policy limits, ~~shall:~~

2 ~~(1) Allow the policyholder at least thirty-six months to~~

Delete ~~submit receipts and invoices for the replacement costs~~

~~of the insured owner-occupied residence. For the purposes of this paragraph, the thirty-six month period shall begin on the date upon which the insurer provides the initial payment toward the actual cash value of the damage or loss; and~~

~~(2) Provide that, in addition to the period described in paragraph (1)~~, The policyholder has the option to twice extend the period by six months if the policyholder, acting in good faith and with reasonable diligence, encounters unavoidable delays in obtaining a construction permit, lacks necessary construction materials, lacks available contractors to perform necessary work, or encounters other circumstances beyond the policyholder's control. This paragraph shall not be construed to prohibit an insurer from allowing a policyholder additional time to collect the full replacement cost for lost or damaged property or for additional living expenses.

(c) The policy shall include additional living expense coverage to apply in the event of a loss due to a wildfire disaster. Notwithstanding any other law to the contrary, additional living expense coverage shall be available for a (3) period of at least twenty-four months, From the date of loss, and the insurer shall offer the policyholder the opportunity to twice extend the period by six months if the policyholder, acting in good faith and with reasonable diligence, encounters a delay or delays in receiving necessary permit approvals for, or reconstruction of, the insured owner-occupied residence; provided that the delays are beyond the control of the policyholder.

(d) The policy shall provide that, to replace personal property and receive recoverable depreciation on that property, an insurer shall allow the policyholder the greater of:

-(4) (1) At least ~~three hundred sixty-five days~~ Twelve Months -OR- ONE YEAR after the expiration of additional living expense coverage; or

(2) (4) Thirty-six months after the insurer provides the policyholder the first payment toward the actual cash value of the loss.

(e) The policy shall provide that the insurer shall pay the policyholder for the loss of use of the insured property within (4) twenty days after the insurer receives documentation of the loss. The documentation may include a signed lease that obligates the policyholder to pay for temporary replacement housing; provided that:

(1) If a policyholder provides a signed lease as documentation, the insurer ~~may~~ shall pay the policyholder in monthly or other increments, in accordance with the terms of the lease; and

5

(2) Alternatively, an insurer may provide advance rent payments for housing for the policyholder, family members, livestock, and pets, as necessary.

(f) The policy shall provide that the policyholder may either:

(1) Replace the insured owner-occupied residence at the current location or another location; provided that, in either case, the calculation of the replacement cost of the insured owner-occupied residence shall not include consideration of the value of the land upon which the replacement residence is located; or

(2) Use the proceeds from the policy to purchase an existing residence at a new location, in which case the calculation of the replacement cost of the insured owner-occupied residence shall not include

consideration of the value of the land upon which the existing residence is located.

(g) The policy shall allow a policyholder to use claims payments resulting from coverage against the loss of outbuildings, 6 ~~dwelling extensions,~~ and other structures to pay the costs of a replacement residence if the coverage limit that applies to the policyholder's owner-occupied residence is insufficient to pay for rebuilding or replacing the owner-occupied residence. Any claims payments for losses pursuant to this subsection for which replacement cost coverage is applicable shall be for the full replacement value of the loss, without requiring actual replacement of the other structures. Claims payments for other structures that exceed the amount applied toward the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the policy.

7 (h) Within ~~a reasonable amount of time~~ Fourteen Calendar Days after receiving a claim Notification Against ~~under~~ an issued policy, an insurer shall provide to the policyholder:

(1) Appropriate contact information that allows for direct contact with either an employee of the insurer or a

representative who is capable of elevating complaints or inquiries to an employee of the insurer;

(2) At least one means of communication during regular business hours; and

(3) A written status report if, within a six-month period, the policyholder is assigned a third or subsequent adjuster to be primarily responsible for a claim. The written status report shall include a summary of any decisions or actions that are substantially related to the disposition of a claim, including the amount of losses to structures or contents, the retention or 8 consultation of design ~~or construction professionals,~~ the amount of coverage for losses to structures or contents, and all items of dispute.

§431:10E- Total loss of furnished owner-occupied residence. (a) If a homeowners insurance policyholder experiences a total loss of the contents of an owner-occupied residence that was documented as being furnished at the time of loss because of a wildfire disaster, the insurer shall:

(1) Notwithstanding any other law ~~or provision of the~~ 9 ~~insurance policy to the contrary,~~ offer the

SB1141-11

(10) Eighty

policyholder a minimum of ~~sixty-five~~ percent, or a (11) larger percent ~~by mutual agreement of the policyholder and insurer~~, of the limit of the contents coverage indicated in the declaration page of the policy without requiring the policyholder to submit a written inventory of the contents;

(12) ~~(2) If a policyholder receives the depreciated value of contents insured under a policy, the insurer shall make available to the insured the methodology used for determining the depreciated value of the insured contents;~~

(3) Notify the policyholder that:

(A) Acceptance of the money described in paragraph (1) of this section does not change the benefits available under the policy;

(B) Additional money may be available if the policyholder submits an inventory; and

(13) ~~(C) The insurer is required, pursuant to paragraph (2) of this section, to disclose its methodology for determining the depreciated value of the contents of insured property;~~

(4) Provide payment for covered costs associated with the (14) removal of debris within Thirty ~~sixty~~ days after receiving an Estimate ~~invoice, receipt, or~~ other documentation indicating (15) the date and cost of the removal of the debris; provided that, in cases where debris removal is conducted by, or in coordination with, governmental entities, payment for covered costs for removal of debris will be provided within a reasonable amount of time; and

(5) Provide payment for any covered loss of trees, shrubs, lawns, and landscaping within thirty days after the insurer receives documentation of the loss. ~~such as~~ (17) ~~documentation from a landscaping company showing the number and nature of trees, shrubs, and landscaping features damaged or destroyed~~.

(b) If the policyholder submits an inventory of personal property losses in an amount that exceeds the amount paid to the policyholder pursuant to subsection (a)(1), the insurer shall:

(1) Request any Relavent and Available additional information concerning the (18) inventory no later than thirty days after receiving the inventory; and

(2) Provide payment for any covered and undisputed items within thirty days after receiving the inventory.

(c) The commissioner shall adopt rules to simplify the process for policyholders to submit an inventory for personal property losses and expedite reimbursement for the losses.

§431:10E- Rules. The commissioner may adopt rules pursuant to chapter 91 necessary to implement this part."

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for the implementation of this Act, including the hiring of one full-time equivalent (1.0 FTE) position.

The sums appropriated shall be expended by the department of commerce and consumer affairs for the purposes of this Act.

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. This Act shall take effect on July 1, 2025; provided that section 1 shall apply to all homeowners insurance policies issued or ~~renewed after December 31, 2025~~. The underlying policy's annual new renewal date whichever comes first

18

INTRODUCED BY: ____________________

S.B. NO. 1141

Report Title:
Property Insurance; Insured Losses; Wildfires; Mandatory Coverage; Appropriation

Description:
Requires insurers offering homeowners insurance policies to comply with certain minimum requirements in cases of losses owner-occupied residences due to wildfire disasters. Appropriates moneys.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

SB-1141
Submitted on: 1/29/2025 5:30:40 AM
Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelcy Durbin	Individual	Support	Written Testimony Only

Comments:

I support SB 1141. The last 17 months have been challenging. Our homeowner's insurance required a personal property list. It took us 10 months to recall all that we had accumulated over 40 years. Remembering all that we had lost was emotional. We also had to challenge our insurance adjuster to release rental income coverage. The policy indicated it would pay out the coverage in 12 months; however, they issued payments six months at a time until we realized what our insurance policy stated.

Our insurance adjusters were not forthcoming in all that we could claim. Much of what we experienced was researching our policies, talking to other Lahaina residents then asking our adjuster if we had such coverage. Our adjuster confirmed that we had coverage for all provisions I asked for.

I support any legislation to make the insurance claim process easier for the policyholder.

SB-1141
Submitted on: 1/29/2025 8:42:40 AM
Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Juliet P DiGiovanni	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support SB1141 because it includes several key provisions aimed at improving the insurance claims process for disaster victims. I am a Maui Wildfire disaster survivor who owned our home with my husband in Lahaina. We lost our home that we owned, our town, our jobs our community, and we were left with financial loss, grief and trauma which was compounded by our homeowners insurance company.

I am still unable to complete our personal property inventory claim, due the painful grief of remembering every item; antiques, irrreplaceaple family heirlooms, art, photos and mementos. Then the enoumous quanity of hours on the personal property inventory claim it take takes to work on, on top of the full time job of rebuilding our house. The endless hours spent finding the current price online and create an over 2000 item excel list with details and referenceing any replaced item to the items receipt. While needing to earn a living and continue to pay our mortgage and get a 2nd mortage (SBA Loan) to afford to rebuild our house, since our home owners insurance dwelling payment is not enough money to rebuild our house.

Our homeowners insurance we purchased is suppose to protect our family at least financially. But the physical and emotional cost to fight the insurance company for every penny they owe our family is a second disaster which has caused us unnecessary financial, physical and emotional harm.

Please pass SB1141 to protect our citizens from our homeowners insurance companies causing future disaster survivors a 2nd disaster caused by the treatment by their own homeowners insurance companies.

Key reasons why SB1141 will protect our homeowners and their families.

1. Payment of Dwelling Policy Limits: Insurance companies would be required to pay insured individuals the full dwelling policy limits without depreciation plus code upgrade coverage when they need to rebuild in a new location following a disaster.

2. Extended Recovery Time: The bill mandates that policyholders receive a minimum of 36 months to rebuild, with the possibility of two additional six-month extensions. This extended timeframe acknowledges the complexities involved in rebuilding after a disaster.

3. Mandatory Payment Duration for Insurers: Insurance companies would be required to pay for at least 24 months of Additional Living Expenses (ALE) to policyholders, with the potential for two six-month extensions if necessary--for a total of 36 months.

4. Timeframe for Replacing Personal Property: Insurers would be required to allow policyholders one year after the ALE ends or 36 months after the insurer makes the first payment (whichever occurs later) to replace personal property and claim recoverable depreciation.

Thank you for your time and attention, Juliet DiGiovanni

<u>Testimony in Support of SB 1141—Relating to Insurance Protections</u>

Hearing Date and Time January 31, 2025 at 9:30 a.m.

Before the Committee on Commerce and Consumer Protection

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

Thank you for the opportunity to provide written and oral testimony on this important matter.

I am Sherry Peterson. I am the Maui Roadmap to Recovery Liaison and Equal Justice Fellow working for United Policyholders. United Policyholders is a 501(c)(3) nonprofit that has been helping insurance consumers for over 30 years. United Policyholders has been providing education, resources, support and community advocacy for survivors of the Maui Wildfires since August 2023.

In addition to working for United Policyholders, I am a member of the Hawaii VOAD and serve on the Long Term Recovery Group's Construction and Advocacy Committee. I am attaching a letter from the Long Term Recovery Group in support of the proposals in this bill.

I am writing to express my strong **support for Hawaii Senate Bill 1141** though I would request a few modifications.

Hawaii's unique geographical and environmental conditions make it susceptible to a number of types of natural disasters. Wildfires are only one type of disaster. We would respectfully request that this bill relates to any disaster where there is insurance coverage. Therefore, we request that the reference to "wildfire" disaster be changed to include any county, state or federally declared disaster.

The experience with policyholders on Maui highlights the need for a robust insurance framework has never been more critical. Had these insurance protections been in place before the Maui Wildfires, they would have made a significant difference assisting with insured survivors' recovery. They would have lessened the trauma of uncertainty and not enough coverage where it was most needed.

<u>The full dwelling policy limits for policyholders wanting to rebuild in another location</u> provision would require insurers pay the full policy limits without depreciation. While many believed they would get the full benefit of Coverage A Dwelling, insurance companies depreciated the dwelling and paid only actual cash value. The only way to get full policy limits is to rebuild.

Additionally, many policyholders had extended policy limits that added an additional percentage to their dwelling limits if the dwelling limits were insufficient to rebuild. The only way to collect the extended policy limits was to rebuild.

Finally, most policyholders have code and ordinance coverage to cover the additional cost of rebuilding their home to comply with current codes and ordinances. The only way to collect that coverage currently is to incur the cost in the rebuilding of the home they had.

Currently, in order to collect their full policy limits, policyholders are forced to rebuild on the same land where the disaster occurred.

This provision allows policyholders the option of finding an existing home, or building a home in a different location. The policyholder would be able to access all the coverages they have paying premiums for to get into permanent housing sooner than they otherwise would have.

The extension of time to rebuild to 36 months with the opportunity to request two(2) extensions guarantees policyholders have sufficient time to rebuild and collect all the benefits in their policy they paid for. Requiring the rebuild to collect the actual replacement cost and extended replacement costs in less than 36 months creates the very real potential Maui Wildfire survivors are facing. In some cases, the insurance company is requiring the rebuild within 2 years—which for many is impossible. If the rebuild is not completed in 2 years, the insurance company gets to keep the amount they did not pay, and the policyholder does not get the full coverage limits paid for.

The extension of Additional Living Expense/Loss of Use ("ALE/LOU") to 24 months with the option of two (2) six (6) month extensions is critical to disaster recovery efforts for policyholders. With a disaster the magnitude of the Maui Wildfire, cleanup of individual lots took over a year. With the cleanup came the rebuild of critical infrastructure, further delaying the ability to rebuild.

A significant number of policyholders had ALE/LOU for one year or less. Compounding their problem was lack of affordable housing. After the one-year exhaustion of their ALE/LOU, FEMA had ended their direct lease program. FEMA assistance tor rent was not available to many.

Keep in mind, these policyholders had mortgages they had to pay, in some cases HOA dues. The cost of homeownership did not go away when the home was destroyed. Meaning homeowners are now faced with mortgage payments and exorbitant rent payments. The relief policyholders would have knowing they have a home for 24 and up to 36 months is significant.

Payout of contents coverage after a disaster presents unique considerations. We would ask that the 65% payout for personal property coverage be amended to 100%. There were insurance companies that did pay 100% of property coverage. However, there are a significant number that did not.

Requiring a disaster survivor to inventory every fork, plate, screwdriver, bottle of shampoo, priceless family heirloom is fundamentally cruel. Each disaster survivor I have encountered has experienced significant trauma. They are all coping with the after effects of what happened to the best of their abilities.

At a time when their brains are wanting to protect them from the magnitude of all they have lost by trying to assimilate and forget what happened, insurance companies are requiring policyholders to mentally go through every room, drawer, closet and cupboard to remember what they lost. I cannot over state the additional trauma I have witnessed as policyholders try to complete inventories.

Policyholders have been paying premiums based on the value the insurer set for the contents/personal property in their home. Policyholders expected if they had a loss the insurance company would pay. Instead, they are required to make spreadsheets of their belongings that come back with items depreciated and no explanation regarding how the depreciation was calculated.

Insurance companies did not require documentation when they set the value of the personal property. They should not require complex, lengthy documentation after a catastrophic loss experienced in a disaster.

Requiring insurance companied to provide contact information and continuity in the claims process lessens the frustration policyholders are experiencing with insurance companies who are delaying coverage determinations with the assignment of serial multiple claims adjusters: Policyholders deserve better avenues of communication with their insurance companies. They deserve to have their claims processed timely. The experience of policyholders I am working with is their claim gets reassigned multiple times. Each adjuster newly assigned to the claim has to get up to speed before they can address the policyholder's needs. This provision helps eliminate the policyholder's stress and hopefully provides for a smoother claims handling process.

Finally, there is one minor change in the language of the bill I propose.

- In §431:10E(d)(2) adding "whichever is later" to the end of the sentence.

Overall, SB 1141 represents a significant step forward in protecting the rights of policyholders in Hawaii. It acknowledges the complexities of rebuilding after a disaster and seeks to provide a supportive framework that prioritizes the well-being of residents. I urge you to support this bill and help ensure that all Hawaiians have access to the resources and coverage they need to recover from unforeseen events.

Thank you for considering my support for Hawaii Senate Bill 1141.

Sincerely,

Sherry Peterson

Re: Support for Legislative Proposals for Homeowners and Renters Insurance

On behalf of the **Ho'ōla iā Mauiakama Disaster Long Term Recovery Group (Hoola LTRG)**, I am writing to express our strong support for the proposed legislative changes concerning homeowners and renters insurance following the catastrophic wildfires that recently devastated Maui.

The wildfires have caused unprecedented destruction, highlighting the urgent need for reform in how homeowners insurance is managed and regulated in our state. As members of the LTRG, we are acutely aware of the profound challenges faced by homeowners and communities as they work to recover from these disasters.

Insurance is designed to protect individuals from catastrophic loss, and homeowners and renters who are adequately insured are better positioned to recover without relying heavily on government support or nonprofit assistance. The proposed legislative changes outlined by United Policyholders are critical for several reasons:

PRE-DISASTER PROTECTIONS TO IMPROVE RESILIENCE
These proposals advocate for enhanced risk management and preparedness, ultimately mitigating the impact of future disasters. By supporting these changes, we aim to bolster resilience in our community and ensure better preparedness for whatever challenges lie ahead.

POST-DISASTER PROTECTIONS TO IMPROVE RECOVERY
The proposed reforms also address critical gaps in coverage, ensuring that homeowners and renters receive adequate compensation to rebuild after devastating losses. This is vital for those who have suffered significant damage and are struggling to restore their homes and livelihoods.

These legislative changes recognize and address the unique needs of those who were adversely affected not only by the wildfires but also by the shortcomings of current insurance policies. We fully endorse these proposed reforms and encourage our lawmakers to prioritize these changes, which are essential to strengthening our state's ability to manage disasters and support recovery efforts.

In accordance with our nonprofit mission, which focuses on supporting disaster recovery and resilience, we believe these reforms are an integral part of ensuring long-term recovery for homeowners and renters in Hawai'i. We urge all stakeholders to come together in support of these proposals, which will help create a more resilient and effective insurance system for future crises.

Thank you for your attention to this important matter. We look forward to working together to foster a more supportive insurance framework that serves all residents of Hawaii, and we remain committed to collaborating on recovery and resilience efforts.

Sincerely,

Andrea Finkelstein
Advocacy Committee Chair and Board Member for the
Hoola la Mauiakama Disaster Long Term Recovery Group Board Member
https://www.mauilongtermrecovery.org/

Senate Bill 1141

https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=1141&year=2025

Senate Bill 1141 is closed modeled after Colorado House Bill 22-1111. Colorado House Bill was enacted in response to the Marshall Fire of December 20, 2021. Like the legislation in Colorado, Senate Bill 1141 seeks to address critical issues relating to insurance highlighted by the Maui wildfires. Had the provision of SB 1141 been in place, recovery of Maui wildfire survivors would be much different than the reality insureds currently face.

While Senate Bill 1141 will not apply to insurance claims that arose from the Maui wildfire, it will make a major difference in future disasters. Those changes include:

Allowing policyholders to rebuild in a different location. A policyholder will be allowed to rebuild or purchase a home in a new location. An insurance policy would not be allowed to limit or deny extended replacement cost. If a policyholder wants to move to a new location, the insurance company would still have to pay the amount for the total loss, including ordinance and code coverage. The insurance company would not be allowed to consider and subtract the value of the land.

Insurance companies would be required to give disaster survivors at least 36 months to submit receipts and invoices for replacement and rebuilding costs. The 36 months would begin running on the date the insurance company makes payment to the policyholder for the actual cash value of the loss. The policyholder would be able to extend the 36 month period by 6 months two times, or 12 months total. In order to get the extension, the policyholder would need to show they have been acting in "good faith" and they have encountered unavoidable construction delays.

Insurance companies would be required to provide disaster survivors with additional living expenses for at least 24 months. This 24 months would come with the option of extending to two 6 month periods for a total of 36 months.

Insurance companies would be required to provide wildfire victims additional time to replace personal property. A policyholder would be given at least 365 days after the expiration of the additional living expense coverage or 36 months after the insurer provides the first payment towards the actual cash value of the policyholder's loss (whichever occurs later) to replace personal property and receive recoverable depreciation on that property if applicable.

Insurers would be required to establish clearer communication with policyholders. An insurance company would be required to provide a policyholder with appropriate contact information for and employee of the insurance company or a representative capable of elevating complaints or inquiries. Additionally, if the insurance claim is assigned to a third or subsequent adjuster, the insurance company would be required to provide a written status report summarizing any decisions or actions related to the disposition of the claim.

In the event of a total loss, insurers would be required to pay at least 65% of the limits of the contents (personal property) coverage without requiring the policyholder to submit a written inventory of the contents. Policyholders may still have to provide an inventory to recover the additional 35%. We are requesting a change to SB1141 that in the event of a total loss, insurers would be required to pay 100% of the limits of content (personal property) coverage without requiring the policyholder to submit a written inventory of the contents. This request is made for the following reasons:

- The policyholder has been paying a premium to ensure recovery of 100% of their contents;
- The contents amount is set by the insurer when the policy is purchased and renewed;
- The insurer did not require an inventory or verification of the contents to ensure adequate coverage at the time the policy was purchased or renewed;
- Requiring an inventory after the trauma of a disaster from a survivor is cruel, compounds the trauma, and negatively impacts a survivor's mental health and recovery from the event. At a time when the brain is trying to move forward and recover by forgetting the disaster and subsequent loss, the insurance company is pushing the survivor to remember each spoon, salt shaker, towel, t-shlirt, tool, etc. they accumulated and owned.
- Requiring an inventory takes the survivor's energy and attention from the bigger task of rebuilding or replacing their home.

Link to where to provide testimony

https://www.capitol.hawaii.gov/account/submittestimony.aspx?billtype=SB&billnumber=1141

How to provide testimony in support

https://lrb.hawaii.gov/par/engagement-101/tips-on-testimony/

1/30/25

Support Bill SB1141

Having lived and worked in Lahaina for over 50 years, my husband and I were one of the many families who lost their home and business. The destruction of our town, and loss of friends created a deep void within us. We were not well enough and not prepared at all to deal with the insurance demands that followed. This increased our stress, anxiety, and depression that we were having after the violent fires.

The cost to rebuild on Maui is higher, and the Insurance company needs to increase that time limit from two years and state it in their policy. To date, insurer will pay only cash value of dwelling, and it is a daunting task to plan a rebuild without knowing what amount they will eventually approve.

In the case of total loss, the insurer would be required to pay at minimum of 85% the policy limits of personal property without a written inventory list. We are still working on the list, and it is over overwhelming for me. It's become the focus of our lives when we should be healing ourselves and caring for our family, and helping others. Also, it's difficult to replace items when there is no place to store them.

Sincerely,
Cindy Luckey
Cindy.luckey@gmail.com
(808 281-5071

SB-1141
Submitted on: 1/30/2025 1:52:31 PM
Testimony for CPN on 1/31/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrea Finkelstein	Individual	Support	Written Testimony Only

Comments:

I am writing to express my **strong support** for **SB 1141**, which establishes critical insurance protections for homeowners affected by wildfires in Hawaii. As a member of the Maui Community and a professional in emergency management, I have seen firsthand the devastating impact of wildfires on families and entire communities. This bill takes necessary steps to ensure that homeowners have access to fair and comprehensive insurance coverage when recovering from a wildfire disaster.

SB 1141 provides **essential safeguards** for homeowners by:

- **Preventing insurers from limiting or denying building code upgrade or extended replacement cost payments** when policyholders choose to rebuild or relocate.
- **Ensuring homeowners have sufficient time to rebuild or replace their residence**, with an initial 36-month period and options for two 6-month extensions.
- **Mandating additional living expense (ALE) coverage for at least 24 months**, with extensions if delays are beyond the policyholder's control.
- **Streamlining the insurance claims process**, including timely payments for temporary housing, personal property replacement, and debris removal.
- **Providing policyholders flexibility in how they use their claims payments**, allowing funds allocated for outbuildings or other structures to be used toward rebuilding a primary residence.

The catastrophic wildfire events in Hawaii have exposed gaps in existing insurance policies, leaving many homeowners struggling to recover. By passing SB 1141, we can **ensure fairer, more transparent, and more comprehensive coverage for homeowners who have lost everything in a wildfire disaster**. This legislation is not just about insurance; it is about **community resilience, economic stability, and the ability of families to rebuild their lives.**

I urge you and your colleagues to support SB 1141 and advocate for its swift passage. Thank you for your leadership in addressing this urgent issue.

Thank you for your time.

Katherine Wissner
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Senate Committee
Hawaiʻi State Capitol
415 S Beretania St
Honolulu, HI 96813

Subject: Testimony in Strong Support of SB1141

Dear Members of the Committee,

I am writing to express my strong support for Senate Bill 1141, a crucial piece of legislation that will improve the insurance claims process for disaster survivors in Hawaiʻi. Our state is highly vulnerable to natural disasters, and we must ensure policies are in place to provide swift and efficient communication and assistance to those affected.

Over the past two decades (2004-2023), Hawaiʻi homeowners and businesses have paid approximately $37.8 billion in disaster insurance premiums. During this period, insurance companies have paid out only $14.2 billion in claims, resulting in a staggering net income of more than $23.6 billion for insurers.1

Insurance premiums in Hawaiʻi have skyrocketed from 2023 to 2024. Reports indicate that some associations have faced premium hikes exceeding 300%, leading to significant increases in maintenance fees for homeowners. In certain cases, insurance premiums for wood-frame condos surged by 300% to 500%, while concrete high-rises saw increases ranging from 50% to 200%.2 These exorbitant increases place an undue financial burden on residents who are already struggling with the high cost of living.

Meanwhile, the broader U.S. non-life (property and casualty) insurance sector is experiencing significant financial gains. In the first quarter of 2024 alone, the industry achieved a $9.3 billion underwriting gain. Additionally, pretax operating income surged by 332% to $30 billion, bolstered by underwriting gains and a 33% increase in earned net investment income.3 While insurance companies thrive, policyholders in Hawaiʻi face a growing financial strain. Lahaina survivors currently face unacceptable wait times during communication with insurance providers, unrealistic deadlines due to untimely communication, and exorbitant stress with little recourse.3

Every homeowner in Hawaiʻi stands to benefit from the added protections this legislation provides. The events of August 8th, 2023 impacted my community in ways that are tragic, shocking and life-threatening. Ensuring stronger, more transparent insurance policies means greater financial security and peace of mind for all residents of Hawai’i, not just those directly impacted by a disaster. This body has a duty to best serve the constituents of the State of Hawai'i, NOT to best serve the revenues of corporate entities.

For these reasons, I strongly urge the passage of Senate Bill 1141. It is essential to ensure fairness and efficiency in the insurance claims process following a disaster. I respectfully request that the committee vote in favor of this important legislation.

Thank you for your time and consideration.

Sincerely,
Katherine Wissner

Sources

1. https://www.hawaiitribune-herald.com/2024/09/02/hawaii-news/disaster-insurance-drove-billions-in-revenue-for-companies/?utm_source=chatgpt.com
2. https://cca.hawaii.gov/ins/files/2025/01/Hawaii-Insurance-Market-Stabilization-Recommendations-Whitepaper-1-14-25.pdf?utm_source=chatgpt.com
3. https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/insurance-industry-outlook.html