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

**Before the  
Senate Committee on Commerce and Consumer Protection  
Friday, February 14, 2025  
9:30 a.m.  
State Capitol, Conference Room 229 and via Videoconference**

**On the following measure:  
S.B. 1575, RELATING TO INSURANCE**

Chair Keohokalole and Members of the Committee:

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

The purpose of this bill is to allow authorized insurers in the State to offer building and hurricane damage insurance for condominium buildings at a lesser rate than the building's prior surplus lines insurance policy for the same coverage.

While we appreciate the intent of the bill, the Department notes that a statutory provision currently exists which allows admitted carriers the ability to determine a rate outside of its filed program. Under subsection (m) of the Hawaii Revised Statutes (HRS) § 431:10-104, the Insurance Commissioner may, in relevant part, "approve a rate on any specific risk in excess of that set by an applicable rate filing, provided the insured files with the commissioner a written application stating the insured's reasons for consenting to the excess rate." The bill proposes a new provision that bypasses the

approval process and may produce results that, at times, conflict with the Insurance Commissioner's obligation to ensure rates are not excessive, inadequate, or unfairly discriminatory. For example, a rate at fifty percent less than the surplus line may be an inadequate rate or not provide adequate coverage. Furthermore, limiting the amount an admitted insurer may charge to fifty percent of the amount charged by a surplus line insurer may unintentionally distort the perception of pricing in the admitted market.

Thank you for the opportunity to testify.

**SB-1575**

Submitted on: 2/11/2025 11:58:41 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
lynne matusow	Individual	Support	Written Testimony Only

Comments:

As a condo owner and board member I fully support this bill. While my condo has not suffered from insurance company exorbitant price hikes, there is no guarantee that will be the case in the future. We have all heard the horror stories. Many condo owners are on fixed income. If a cost increases money has to be taken from another pot. That could well result in repairs and maintenance suffering.

Please move this bill forward.

**LATE**

**SB-1575**

Submitted on: 2/13/2025 8:34:59 AM

Testimony for CPN on 2/14/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gregory Misakian	Individual	Comments	Remotely Via Zoom

Comments:

SB1575 requires amendments.

Owners of condominium associations may be required or have the right to vote on proposals in this bill.

Gregory Misakian