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OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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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. 706, RELATING TO 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 appreciates the intent and offers comments on this bill.

The purpose of this bill is to require the Hawai'i Property Insurance Association (HPIA) to include in its plan of operation insurance coverage for commercial properties twice denied by private insurers.

The Department notes that compelling HPIA to issue coverage to all high-risk commercial properties, without determining insurability, may jeopardize the financial solvency of the HPIA.

Thank you for the opportunity to testify on the bill.

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

January 28, 2025

*Filed via electronic testimony submission system*

**RE: SB 706, Insurance; Hawai'i Property Insurance Association; Plan of Operation - NAMIC's  
Testimony seeking clarification**

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 are still reviewing the proposed legislation and the implications of the proposal for the health of the insurance marketplace. After listening to the HPIA informational hearing held on January 27<sup>th</sup> and reviewing existing law, it was not clear why HPIA needs this expressed legislative authority to sell the proposed commercial insurance product. Additionally, considering the testimony by the HPIA at the hearing, NAMIC would like to better understand how the HPIA might successfully integrate this insurance product-line into its current book of business given the financial and operational challenges it described.

For the aforementioned reasons, NAMIC respectfully requests that this bill be tabled until further information is provided to address the operational feasibility of expanding the HPIA coverage to commercial lines.

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

**SB-706**

Submitted on: 1/28/2025 11:01:30 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>
Michael Honda	Individual	Support	Written Testimony Only

Comments:

In strong support. Thank you Chair Keohokalole!

**SB-706**

Submitted on: 1/29/2025 8:15:12 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>
Jessica Herzog	Individual	Support	Written Testimony Only

Comments:

Over the past decade, Hawaii's insurance market has seen significant financial activity, with homeowners and businesses purchasing nearly \$38 billion in disaster insurance. This has generated over \$23 billion in net income for insurance companies. However, payouts to policyholders during this period amounted to nearly \$14.2 billion. (ref.1)

This discrepancy highlights the profitability of the insurance sector in Hawaii, especially given the relative infrequency of payouts compared to the premiums collected. The ongoing debate about the fairness of this situation has intensified, especially following major disasters like the Maui wildfires, which have prompted calls for more equitable practices in the insurance industry . (ref.1)

I strongly advocate for the passage of SB 706, which is a vital step toward rectifying the constraints imposed by the current monopolistic practices within our insurance industry. This bill, which requires the Hawaii Property Insurance Association to extend coverage to commercial properties that have been denied insurance twice by private insurers, addresses a critical gap in our market.

The existing system, dominated by a handful of insurance agents who act as gatekeepers, effectively stifles competition and innovation by limiting options available to property owners. This forced lack of competition not only inflates costs but also deprives consumers of the benefits a truly competitive market can offer, such as better service, improved coverage options, and fairer pricing.

By mandating broader coverage availability, SB 706 can only hope to help break these monopolistic constraints, offering relief to property owners who are currently at the mercy of a few dominant players. It's imperative that we support this bill to ensure a fairer and more equitable insurance market in Hawaii, where all property owners have the freedom to secure necessary protections without undue hardship.

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ref.1: ProgramBusiness. (2023, August 28). Hawaii Wildfires Spur Insurers to Reassess the State's Risk. Retrieved from <https://programbusiness.com/news/hawaii-wildfires-spur-insurers-to-reassess-the-states-risk/>